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# Commissioners Speak For Orderly Regulation, Defend Fire Bureaus

By KENNETH O. FORCE

WASHINGTON—Several commissioners and departmental staff members appeared before the Senate anti-trust and monopoly subcommittee here for one day and vigorously defended state regulation. They termed the charges of harassment which were made by some of the independents "exaggerated," and pointed out that these insurers were not altruistic but were after business when they made independent filings or sought to deviate.

F. Britton McConnell of California said that "no one is so naive as to believe that the people in the insurance business who may have complained to you are acting merely as champions of right or disinterested representatives of the public. They are, of course, profit seekers advancing specialized underwriting plans designed to bring applications for a desired kind and class of business." Investigation might show that the underwriting is very restrictive and only the most desirable risks are accepted.

**Consider Necessity Of Revisions**

However, commissioners emphasized that NAIC has a committee studying the rating laws with the purpose of determining whether they should be amended and revised in the light of experience under them in the 12 to 14 years since they were put on the books.

Some of the commissioners indicated that they thought a rating bureau might properly be considered an aggrieved party in connection with deviations and independent filings. However, Donald H. Knowlton of New Hampshire expressed doubt on this point, both as a commissioner and a lawyer.

Sen. Kefauver, chairman of the subcommittee, asked commissioners what they thought of the nationalization, in New York, of the advisory organizations under Inter-Regional Insurance Conference. He has frequently expressed strong disfavor of this move during the hearings. Most of the commissioners found the idea unalarming. But Mr. McConnell said he thought the development raised some serious questions.

The commissioners unanimously supported rating bureaus and their

(CONTINUED ON PAGE 16)

# New, New HO Is Approved In Indiana

### Replaces Revised MPIC Program; Deductibles, Rate Cuts Offered

INDIANAPOLIS—The "new, new" homeowners program has been approved in Indiana effective Aug. 31. The state already was in the camp of the new or revised program that took the 1, 2, 3, 4, 5 designations. The latest forms were approved in conformity with the June, 1959, edition of the Multi-Peril Insurance Conference program. This retains the numerical designation of forms and the terms "standard" (form 1), "broad" (form 2), "special" (form 3), "residence contents-broad form" (form 4), and "comprehensive" (form 5).

**A detailed analysis of the "new, new" homeowners will be carried in next week's issue.**

**Most Significant Changes**

The most significant changes appear to be a new and complicated system of deductible-franchise clauses plus some premium reductions of around 10%. The standard form has added the peril of glass breakage and limited coverage on trees, shrubs and plants. An equal annual installment payment plan has been introduced in the Indiana program.

All five forms of deductibles have two clauses, No. 1 applying to wind and hail and No. 2 to all other perils except fire and lightning. Under the first four forms, the deductible is $50, but it does not apply to losses exceed-

(CONTINUED ON PAGE 21)

## Surplus Business Of Griffiths, Tate Bought By Vickery, Hoyt & Graham

Vickery, Hoyt & Graham is purchasing the surplus line business of Griffiths, Tate Ltd. as of Sept. 1, according to a joint announcement issued by E. Brook Vickery Sr. and Howard A. Goetz, presidents, respectively, of the two organizations.

Griffiths, Tate Ltd. was organized in 1951 and has been active in the surplus line and reinsurance fields. Its management has now decided to specialize in reinsurance and ocean marine coverages.

Vickery, Hoyt & Graham is assuming underwriting management of the surplus line business in force as well as of renewals and all new business emanating from the producers of Griffiths, Tate.

In conjunction with the expansion program involved in the acquisition of this business, Vickery, Hoyt & Graham has increased its staff and has moved into larger quarters at 175 West Jackson Boulevard, Chicago.

A. A. Greffin, assistant manager of Griffiths, Tate, is joining Vickery, Hoyt & Graham where he will work with E. Brook Vickery Jr. and Robert M. Stewart in the production and underwriting of Lloyds and special market coverages.

## North Dakota Federation To Convene Sept. 27-28

Insurance Federation of North Dakota will hold its annual convention Sept. 27-28 at the Ryan Hotel, Grand Forks, following the meeting of North Dakota Assn. of Insurance Agents. Speakers will be R. H. Balensiefer, secretary of St. Paul F. & M.; Harold Hager, Grand Forks attorney, Roy Williams superintendent of agencies Great-West Life, and Peter N. Chumbris, counsel of the Senate anti-trust subcommittee.

## *Wicker Insurance Head Of American Bar Assn.*

John J. Wicker of Wicker, Baker & Goddin, Richmond, was elected chairman of the section on insurance, negligence and compensation law of American Bar Assn. at the annual meeting in Miami. He succeeds Stanley C. Morris of Steptoe & Johnson, Charleston, W. Va.

Welcome D. Pierson, Oklahoma City, was named chairman-elect. He is the editor of Defense Law Journal and a well known speaker on insurance litigation. James B. Donovan, of Watters & Donovan, New York and Washington, D. C., was elected vice-chairman. Lowell D. Snorf Jr., general counsel of the Lansing B. Warner reciprocals, was reelected secretary.

New members of the council are Suel O. Arnold of Arnold, Phillipp, & Murray, Milwaukee, and Leland B. Groezinger of Allan, Miller, Groezinger, Keesling & Martin, San Francisco.

## Two Named In Iowa

Robert Link, attorney of Cedar Falls, has been appointed complaint superintendent of the Iowa department, and Walter Bender of Cedar Rapids has been named superintendent of agent licensing.

Mr. Link succeeds Richard Poffenberger, who has entered private law practice in Terry, Ia. Mr. Bender has been with Great Central of Peoria and succeeds William McKay, who has joined the examining staff.

## Mead Is Ala. MLG

Alabama pond of Blue Goose has elected Joseph S. Mead, Birmingham attorney, MLG; Milton B. Howard, Home, supervisor; Henry Pollnitz, Birmingham general agent, custodian; Kenneth L. Stearns, Montgomery general agent, guardian; A. W. Roberts, Aetna Fire, keeper, and A. W. Kendricks, General Adjustment Bureau, wielder.

## Aetna Life Directors Vote 2-For-1 Split, 33 1/3% Stock Dividend, 90 Cents Cash

Directors of Aetna Life have voted to recommend to stockholders a two-for-one stock split and a 33⅓% stock dividend. They also voted a cash dividend of 90 cents per share on the present stock payable Oct. 1, to stockholders of record Sept. 4.

As a result of the stock dividend, capital will be increased from $30 million to $40 million. This will be paid for by transferring $10 million from surplus to the capital stock account.

The directors stated they expect to declare on the new stock quarterly dividends of 35 cents per share commencing Jan 1, with no extra dividend on that date.


**As a salute to Fire Prevention Week—October 4-10—National Board is presenting a display of fire prevention posters of past years in the window of its headquarters at 85 John Street, New York City. Posters dating back to 1933 are being spotlighted in the display, in groups of three each week. In the final week of the exhibit the 1959 poster will be displayed.**

# WAB Manager Offers Senate Thorough, Lucid Story Of Rating Bureau Role

The testimony of Kent H. Parker, manager of Western Actuarial Bureau, before the Senate subcommittee on anti-trust monopoly was designed, as Mr. Parker explained it, "to undertake to answer some of the unwarranted criticisms, to correct some of the twisted threads of theory and procedure in fire rating (in the statements of previous witnesses) and in doing so, perhaps assist . . . in understanding why we find this paradox of reliance on fire rating bureaus which so annoys the critics."

Kent H. Parker

This undertaking of Mr. Parker's was one of the longest statements submitted so far in the subcommittee hearings—57 pages not counting a substantial appendix. In it Mr. Parker presented in thorough, lucid and persuasive fashion the answer of WAB and the 18 rating bureaus of the midwest to charges by the independents of "harassment."

**No "Vigorous Opposition"**

The claim by some independent witnesses that there has been "vigorous opposition" to deviation filings of members or subscribers of fire rating bureaus is not correct, Mr. Parker declared. Bureaus in midwest states have requested hearings on only a limited number of deviation filings and only on cases involving "very substantial principles" which the bureaus considered warranted resort to the hearing procedure.

Bureau assessment rules in the midwest are equitable and provide for a fair apportionment of expense of operation to members and subscribers and partial subscribers, he added.

"A great many of the references of certain of the witnesses seem to be directed against administration of the rate laws by insurance departments and have no reference to the rating bureaus. When a company makes a deviation or an independent filing, it places itself in the same position as the rating bureau itself in making a filing; namely, that it must support the filing with adequate information. If the support is not adequate, the insurance department may call for additional information and has the right either to approve or disapprove after considering all the facts. The fire rating bureaus have many filings which are

(CONTINUED ON PAGE 9)

## Employers Mutuals Promotes J. M. Sweitzer To Executive V-P Post

J. M. Sweitzer has been named executive vice-president of Employers Mutuals of Wausau, replacing Robert S. Hagge, resigned. Prior to his appointment, Mr. Sweitzer had served as a vice-president and director, executive committee member and general counsel. He has been with the company since 1924 when he became a claim manager in the Minnesota office. He was named general counsel in 1937, vice-president in 1952 and a director in February of this year.

J. M. Sweitzer

Mr. Hagge was executive vice-president and a director of the company since 1952. He had been with Employers Mutuals since 1941 when he became a member of the underwriting department and previously had also served as research director.

## *Fireman's Fund Makes 4 Departmental Changes*

Fireman's Fund has made several personnel changes in the Pacific, eastern and New England departments.

William T. Perry, superintendent fidelity and surety department, San Francisco branch, is transferred there to the central bonding office as assistant manager to Fred J. Butcher, assistant vice-president bond and burglary department.

Robert J. Forrester, who joined the Fund in 1956, has been appointed marine special agent at Newark, and George F. Oldreive, fire manager at Syracuse, has been appointed assistant fire manager of the New England department at Boston. He has been with the Fund since 1941, having worked in the Boston office in the underwriting department and as a field man in New Hampshire and Vermont.

Phillip E. Rowland succeeds Mr. Perry as superintendent of the fidelity and surety department. He had been agency superintendent, bond and burglary department, Pacific department.

## *Full Women's Program Slated For CPCU Annual*

A full program of entertainment has been arranged for women visitors at the annual meeting of CPCU Sept. 16-18 at the Ambassador Hotel, Los Angeles.

On Wednesday the women's program will include a luncheon at Balboa Bay Club, a boat trip around Lido Isle, and an evening luau and aquatic show at the Ambassador pool. On Thursday there will be a tour of the UCLA campus, Santa Monica beach, Sunset Strip and Hollywood. Ladies will be treated to a dinner and show at the Moulin Rouge in the evening.

A luncheon and fashion show will be held Friday and a banquet and dance featuring big name stars is scheduled for Friday evening.

In addition, many wives and their husbands will participate in a post-convention flight to Hawaii.

## Stevick Named Manager By General Of Seattle

General of Seattle has appointed Richard S. Stevick northwest division manager. He joined the company in 1947, and he will be succeeded as chief personal lines underwriter of the northwest division by Les Stern.

## Official Family Of Celina Mutual Group Is Realigned

In line with changes in the organizational structure of Celina Mutual and National Mutual of Celina, O., new officers were elected at a special meeting of the directors.

O. F. Rentzsch is chairman of the companies; H. C. Bowman is chairman of the finance committee; C. M. Montgomery is president and general manager; D. W. Montgomery is executive vice-president, secretary and general counsel; Dewey Dawson is vice-president and treasurer, and C. H. Cox is vice-president in charge of claims.

Four major departments were realigned.

C. H. Cox is in charge of claims with Eldon Montague as assistant claims manager.

Harold Mielke is underwriting manager with E. W. Knapke as assistant manager.

The accounting unit will be headed by Mr. Dawson with R. E. Moore in charge of the statistical division.

A new services department will be headed by D. B. Spangler.

**Massachusetts Indemnity & Life** has been licensed in Louisiana.

**From left: Bert W. Levit of the law firm of Long & Levit, retiring California director of finance, looks on while Vernon C. Dargan, vice-president of Gulf and president of Western Insurance Information Service, greets the newly reappointed California Commissioner F. Britton McConnell at the grand nest of Honorable Order of Blue Goose International in Los Angeles. More than 800 ganders were present. Guests included a number of legislators, state and municipal officials, and presidents of 34 California insurance companies.**

## *Agenda Ready For Mutual Loss Parley At Chicago*

The program for the 1959 Mutual Loss Managers Conference at Chicago Sept. 15-18 has been sent to members.

The general meetings will not open until the afternoon of the 16th, with closed sessions before that which will include a talk by Herbert W. Hirsh of Clausen, Hirsh, Miller & Gorman of Chicago on recent court decisions.

Norris C. Flanagin, president Lumbermens Mutual Casualty and American Motorists, will be the leadoff speaker Wednesday afternoon, followed by Stratton Hammon of Louisville, a vibration damage specialist, who will talk on sonic boom, and R. J. Elliott, vice-president American Manufacturers Mutual, whose discussion will cover repairs and loss problems on outboard boats and motors.

**Will Speak Thursday**

Speakers Thursday will be Banjamin Horton of Louisville, president National Assn. of Independent Insurance Adjusters; Paul I. Thomas, general adjuster American Manufacturers Mutual; Percy Brown, Ogden, Brown, Robertson & Marshall, Louisville attorneys. Luncheon speaker will be W. Clement Stone, president Combined of Chicago. In the afternoon, Bernard P. McMackin, associate editor of the F.C.&S. Bulletins, will talk on homeowners policies; Walter T. Tower, vice-president Federal Mutual, will cover decontamination problems created by use of radioactive materials, and M. A. Mack of the home service department maintained in Gimbels and Macy's stores in New York will discuss cleaning and repairing household furniture, silver and paintings.

**Panel Will Answer Questions**

At the final session there will be a panel to answer questions over which the moderator will be R. K. Hill, vice-president of American Manufacturers Mutual. The panelists will be J. E. Pilon, Pilon Adjustment, Fond du Lac, Wis.; R. J. Young, Michigan Claim Service, Lansing; J. L. Eberly, Lumbermens Mutual of Mansfield; E. R. Sturgeon, Employers Mutual Fire of Wausau; W. G. Angell, Mutual Fire Insurance Assn. of New England, and D. T. Hawkins, Mutual Loss Research Bureau.

## Cincinnati To Offer Stock Options To 11 Executives

Stockholders of Cincinnati Ins. Co. will vote Sept. 14 on a proposal to set aside 7,500 shares of the company's stock to be sold to officers and executives in the next 10 years by special option. The proposal lists 11 officers and executives who would purchase the stock at either \$42.75 or \$49.50, representing 95% and 110% of the last sale price of the stock. Two thousand shares each would be purchased by H. M. Turner, president; R. C. Schiff, vice-president, and John J. Schiff Jr., loss manager, at \$49.50. The rest of the shares would go to other officials.

### *Hamilton Mutual Agents Feted*

More than 125 agents of Hamilton Mutual from Ohio, Kentucky, Indiana and Michigan attended a two-day meeting at the company's home office in Cincinnati. The gathering included attending Hamilton Mutual Day at the Cincinnati baseball park and a dinner dance at the Hotel Alms.

## Wisconsin Agents To Honor Manson At Annual Oct. 8-9

Wisconsin Assn. of Insurance Agents, on the eve of its annual convention Oct. 8-9 at the Schroeder Hotel, Milwaukee, will honor the new Wisconsin commissioner, Charles L. Manson. Mr. Manson was president of the association in 1949-50.

The convention will open with a talk by Carl C. Byers, Cleveland, who is sponsored by General Motors Corp. Surety Assn. of Wisconsin will present a panel discussion on judicial, blanket and contract bonds.

Thursday afternoon George Faunce III, president of AFCO will discuss time payment plans, and a three-act musicale, "The Insurance Man," will be presented. A panel on the commission question will consist of Arthur Hirman, Rochester, Minn.; Morton V. V. White, Allentown, Pa., member of the NAIA executive committee, and Dwight Teas, Wisconsin Rapids, who will be moderator.

On Friday's program are William Rossiter, chief of the fire marshal's division of the Wisconsin department; a film on "A New Visual Selling Technique," and George Whitford, vice-president of Reliance. Commissioner Manson will be the luncheon speaker.

## *Blondell Is F.&D. Manager At Miami*

Fidelity & Deposit has named E. B. Blondell Jr. manager of the Miami service office. He joined the company in 1949 and has been in the home office agency department and in the Kansas City and Miami fields. He has also headed the Tampa service office.

## Buyers Set Card For Management Institute

The annual risk management institute sponsored by American Society of Insurance Management, will be held Sept. 9-11 at Harvard graduate school of business administration. Speakers and subjects include H. Stanley Goodwin, McKesson & Robbins, on new frontiers in liability; B. E. Kelley, U.S. Plywood, on corporate needs for liability insurance; Joseph H. Forest, Liberty Mutual, on placement and underwriting of liability; Herbert P. Schoen, Hartford Accident, on claims facets of liability.

The administration of risk will be presented by Laurence J. Ackerman, University of Connecticut; scope of the risk manager's responsibility by C. S. Hamilton, J. P. Stevens & Co., New York; risk management and relationship to other departments within a company, to the broker an to insurers by A. L. Benjamin, Cincinnati Gas & Electric; and fundamental issues in risk administration by C. Henry Austin, Standard Oil of Indiana.

David A. Ivry, University of Connecticut, will speak on insurance education today and tomorrow. Disability problems of the corporate employe will be discussed by Darrel S. Ames, Eastern States Farmers Exchange; major medical problems by Steven D. Williams, Connecticut General Life; and travel accident insurance by James H. Young, Johnson & Higgins.

Enrollment is limited to 40 members who will receive a certificate of completion from Harvard.

## Nevada Agents To Meet At Elko Sept. 10-12

The program has been set up for the annual meeting Sept. 10-12 of Nevada Assn. of Insurance Agents at the Stockmen's Motor Hotel, Elko.

Speakers Friday morning will be Rollo Fay, National Bureau of Casualty Underwriters; John H. Martin, manager Standard Forms Bureau; and Robert Stevenson, manager Pacific Fire Rating Bureau. On the afternoon program will be Philip Kingsley, assistant vice-president Fireman's Fund; Peter Walter of George A. Probasco Inc.; and Porter Ellis, executive committee member of the national association.

Business sessions will be held all day Saturday.

## Wisconsin A & H Assn. To Meet Sept. 17-18

The annual meeting and sales congress of Wisconsin Assn. of A&H Underwriters at the Lorraine Hotel, Madison, Sept. 17-18 will open with a leadership training seminar for officers of local associations, followed by a business meeting and election.

Sales congress speakers will be Charles N. Walker, Lincoln National Life; Maurice W. Kiley Jr., Stumpf agency, Madison; Commissioner Charles Manson; Dr. Robert J. Samp, University of Wisconsin Hospital; and John B. English, Monarch Life.

Gov. Nelson will proclaim the week of Sept. 13 Wisconsin Disability Insurance Week.



## General Re Elects V. Q. Cox Secretary

General Re has elected Virgil Q. Cox secretary with underwriting and production duties. He joined the company in 1958 as claims counsel. Mr. Cox was formerly vice-president and claims manager of Security-Connecticut. Earlier, he was with Dixie Fire & Casualty, Shelby Mutual, and National Board.


Virgil Q. Cox

## *U.S.F.&G. Names Shugg, Williams And Denney*

U.S.F.&G. has appointed Leslie V. Williams associate manager and James B. Denney assistant manager at Oklahoma City. Jack Shugg has been named assistant manager at Springfield, Mass.

Mr. Williams has been at Raleigh where he joined the company in 1948. He has been casualty underwriter, special agent, and assistant manager there.

Mr. Denney joined the company at Tulsa in 1949 as safety engineer. He became a special agent in 1953, and in 1955 was appointed contract special representative.

Mr. Shugg, with U.S.F.&G. since 1950, began as a trainee at the home office, and was transferred in 1951 to Springfield where he was an underwriter and later casualty superintendent. He has been at the home office as assistant superintendent of the compensation and liability department since 1958.

## Fund Transfers Six In Midwest Fields

Fireman's Fund has transferred Robert J. Miller from Peoria to Indianapolis as farm and hail special agent for Indiana and western Ohio. George D. Fischbeck will replace Mr. Miller at Peoria.

John R. Foster, farm and hail special agent for Nebraska, has been transferred to Des Moines to assist State Agent Wesley Volz in farm production and servicing.

Earl M. Stauffer, marine superintendent at Louisville, has been promoted to marine superintendent of the western department at Chicago. He has been with the Fund since 1956.

New marine special agent at Louisville is John F. Moore, who has been in a similar capacity in Oklahoma.

Paul J. Williams has been appointed marine special agent at Cleveland.

## McEvoy To Mass.

Agricultural has transferred Robert W. McEvoy, special agent at Lansing, to the western Massachusetts field.

### *Suspends N. D. Agents' Licenses*

BISMARCK—Commissioner Jensen cancelled the licenses of 70 agents of Group Health Mutual of St. Paul with the sanction of the company.

Mr. Jensen said the cancellations were ordered because complaints had been received about delays in issuing policies and settling claims. He charged that the agents "made outlandish statements unbecoming insurance salesmen. They did a lot of twisting which means making statements that are not quite right."

## *Production, Savings On N. J. Agents' Card*

A press conference with the officers of New Jersey Assn. of Insurance Agents will precede the opening general session of the annual meeting at Hotel Traymore, Atlantic City, Sept. 14-15.

On Monday, the meeting will feature administration and committee reports, and the nomination and election of officers. County association vice-presidents will meet at luncheon.

A panel discussion, "New Money in Your Agency," will be held in the afternoon. Participants are Winthrop W. Clement, public relations director of American International Underwriters; Kenneth Walsh, Philadelphia Life, and Jack Moran, Marine Office of America underwriter. James L. Ryan, Paterson, will moderate. Louis Girolamo, Westmont, a former direct writer employe, will speak on that type of competition. The cocktail party and dinner dance will be held in the evening.

On Tuesday, John Sheiry, Bridgeton, will moderate a panel on "Savings Begin at Home." As participants, Edwin M. Rothberg, Plainfield, will discuss office machines, and Robert L. Darrell of Birtwhistle & Livingstone, Englewood, will analyze the question of continuous policies. The panel will be preceded by a talk on automation by John N. Cosgrove, associate editor of THE NATIONAL UNDERWRITER. Reports will be heard from Roy H. MacBean, state national director, and William Doyle, Road-Aid director. Officers will be installed and prizes awarded at the closing Tuesday session.

## National Union Volume Up, Loss Down In Half

National Union had an underwriting loss of $1,386,968 in the first half of 1959 against $1,961,145 for the 1958 period. Premiums written were $23,760,041, up 4.5%. Policyholders surplus was $28,969,675 compared with $26,457,915.

Loss ratio to premiums earned was 62.7 and expense ratio to premiums written was 42.3 compared with 65.3 and 43.4, respectively. Investment income was up from $1,200,191 to $1,255,345. Net income was $1,445,555 contrasted with $157,831 in the 1958 half. Earnings per share were $2.41 against 26 cents a share. Assets were up to $91,065,872 from $85,534,578 at June 30, 1958.

### *Thomas, Blackman Officers Of Amer. Manufacturers Mutual*

American Manufacturers Mutual has elected Paul I. Thomas vice-president and John N. Blackman assistant secretary. Mr. Thomas, general adjuster of the fire division at Chicago, has been with the company since 1956. Before that he was vice-president and general adjuster of Associated Reciprocal Exchanges. Mr. Blackman joined the Kemper organization in 1957 as head of the ocean marine department at New York City. Previously, he was assistant manager of the ocean marine department of Boston.

### *Horace Mann Promotes Pecaric*

John D. Pecaric has been promoted by Horace Mann companies of Springfield, Ill., to director of sales and sales promotion. He has been with Horace Mann Mutual Casualty since 1954 as Indiana manager.

## Ad And PR Workshop To Feature NAIA Meet

A preview of the 1960 national Big I campaign and three talks on advertising and promotion ideas for the local agent will feature the advertising and public relations workshop at the annual convention of National Assn. of Insurance Agents in Chicago, Sept. 21-23.

Dave Johnson, Pensacola, president Florida association and chairman of the NAIA 1960 advertising fund raising committee, will moderate the workshop and will introduce a 20 minute sound film on the 1960 national program. Archie M. Slawsby, Nashua, N.H., outgoing president, and chairman of the 1960 advertising management committee, will preside at another session at which speakers will be Frank Schaffer, Doremus & Co., New York advertising agency for NAIA; Henry Hoke, publisher of the Reporter of Direct Mail Advertising, and Joe E. Vincent, Bryan, former Texas association president, who in 1956 and 1958 won Insurance Advertising Conference "Oscars" for local agency advertising.

## Zurich Advances Four At New York Office

Zurich has promoted Joseph W. Scanlon to superintendent of the metropolitan underwriting department, Raymond Casulli to supervising underwriter, eastern department, and Thomas J. Sherer to supervisor of the assigned risk division. In another promotion, E. Nathanson has been named supervisor of the New York history department.

Mr. Scanlon joined Zurich in 1941, and after military service, he returned to the company in 1946. He has been supervising underwriter since 1957. With the company since 1953, Mr. Casulli became senior underwriter this year.

Mr. Sherer started with the company in 1936 and became supervisor of the history department in 1946. Mr. Nathanson, who joined Zurich in 1956, was appointed loss summary clerk in 1957.

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**Herman H. Petersen,** investment vice-president Marshall & Ilsley Bank, Milwaukee, has been elected a director of Hardware Mutuals of Stevens Point.



## Kemper Steps Up TV, Magazine Advertising

Kemper companies are stepping up their national advertising this fall through television and magazine media.

The Kemper Insurance Football Scoreboard with Bill Stern has been renewed for seven shows following nationally-televised games, beginning Sept. 26. The award-winning Chet Huntley Reporting news-in-depth program will be sponsored for 13 alternate Sunday afternoons. Both will be over NBC-TV. In addition, the Kemper group will use three full-page advertisements each in Readers' Digest and Look.

The companies anticipate an audience from 4.3 million homes per telecast of the football show and from 4 million homes for each Chet Huntley program. It has hopes of reaching 17 million households through its magazine advertising.

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## Ark. Agents Hold One-Day Educational Meetings

LITTLE ROCK—Arkansas Assn. of Insurance Agents during August held one-day educational meetings in each of its eleven regional groups. Subjects covered included business interruption and other time element coverages; bonds and their underwriting; sales pointers for seldom-sold coverages such as accounts receivable insurance, professional liability, earthquake, replacement cost insurance, and others, and a discussion of fire rates, rules and forms and the changes which have taken place in the past year. Instructors for these sessions consisted of a panel of three field men and a representative of Arkansas Inspection & Rating Bureau.

A short business session in each group meeting to elect group chairmen and group representatives on the association's executive committee preceded the opening of the educational program.

## Reports Marked Gain In First Half Operations

Pacific Indemnity reported net premiums written during the first six months of 1959 of $17,982,228, a decrease of 1.86% from the $18,322,685 written in the same period last year. Premiums earned amounted to $17,535,847, compared with $17,340,308.

Improved operations for the second quarter of 1959 produced a statutory underwriting profit of $544,006, against a loss of $982,791 for the first quarter. For the six month period, the statutory loss was $438,785, compared with a loss of $1,263,406 for the first half of 1958.

Combined underwriting and investment operations during the first six months produced a net profit of $239,874, or $1 per share, compared with a loss of $514,404, or $2.14 per share, in the corresponding period last year.

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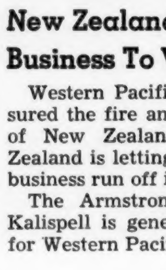
## Hinton Production Head Of Sayre & Toso (Ill.)



F. K. Hinton

F. Kenneth Hinton has joined Sayre & Toso-W. B. Brandt & Co. (Ill.) as production manager for six midwestern states. He has been treasurer and a director of Stewart Smith (Ill.)

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## New Zealand Leaves Mont. Business To West. Pacific

Western Pacific of Seattle has reinsured the fire and allied lines business of New Zealand in Montana. New Zealand is letting its auto and casualty business run off in that state.

The Armstrong general agency of Kalispell is general agent in Montana for Western Pacific.

## Railroads Apply For Strike Cover

Assn. of American Railroads reports that practically every carrier in the industry has applied for a service interruption policy to be written by Imperial Ins. Co. of Nassau, Bahamas. The coverage protects railroads from work stoppages that violate provisions of the railway labor act or that occur in defiance of recommendations of a Presidental emergency board. Strikes resulting directly from certain other types of labor demands are also covered.

Indemnity will be payable up to 365 days during suspension of operations caused by a single work stoppage. The policy will cover average daily fixed expenses, including property taxes, interest charges on debts, pension fund expense and payments to managerial workers deemed essential for maintaining property and resuming service at the end of the stoppage.

Daniel P. Loomis, president of the association, said the railroads felt that it was in their own and in the public interest to seek protection from huge financial losses resulting from work stoppage. The plan guards railroads against complete financial collapse and therefore protects the public and the nation.

He said that formerly railroads have lacked protection against stoppages while being forced to finance strikes by their employes. The latter situation prevails because of a unique provision in the federal railroad unemployment insurance law, under which railroad employes engaged in a "lawful" strike are to be paid unemployment benefits from a fund to which the railroads are the sole contributors. This condition is unique to the industry, Mr. Loomis stated.

The new insurance plan will be administered by Imperial and an advisory committee comprised of the heads of three railroad organizations —Eastern Railroads Presidents Conference, Assn. of Southeastern Railroads, and Assn. of Western Railways.

## Civil Service Employees Makes Five Appointments

Civil Service Employees Ins. Co. has appointed Max Parker director of sales and agencies, Keith Isaacson advertising and educational supervisor, and Robert Henrizi casualty supervisor. William Eisele has been named assistant casualty superintendent and Arsene Yourieff is senior casualty underwriter in charge of new business.

## New Oregon Insurer

SALEM—Ins. Co. of Oregon is in process of organization with the sale of 500,000 shares of stock at $4. The initial capitalization will be $2 million.

Hugh H. Earle, former Oregon commissioner, is president of the new company, which will maintain offices at Portland and Salem.

## Crum & Forster Loss, Volume Up In Half

Crum & Forster had an underwriting loss of $2,569,471 for the first half of 1959 compared with a loss of $2,504,586 for the same 1958 period. Premiums written were $66,006,576, an 11.8% increase. Policyholders surplus was $193,189,530.

For the first six months of 1959, loss ratio to premiums earned was 60.31 and expense ratio to premiums written was 40.42 compared with 61.65 and 41.35 respectively for the comparable 1958 period. Increase in unearned premium reserve was $5,266,964 against $1,913,893. Investment income before income taxes was up $170,434 to $4,766,768.

### Minn. CPCUs To Offer Course

Minnesota chapter of CPCU, in cooperation with the University of Minnesota extension division, will offer parts I, II and III of the CPCU course. Registration will commence Sept. 14.

# Plaintiff Lawyers Must Regulate Fees Or Government Will, Gallagher Tells Counsel

Addressing Federation of Insurance Counsel at Miami Beach, Edward P. Gallagher, vice-president and general counsel of American States and president of Insurance Institute of Indiana, continued his fight against excessive contingent fees charged by some damage plaintiff lawyers.

In his speech, entitled "Clean Up or Die," Mr. Gallagher warned the counsel that lawyers must "clean up the practice of damage law or watch it die." He cited the statement of Melvin Belli of San Francisco, a leading spokesman of National Assn. of Claimants Compensation Attorneys, who recommended two months ago that contingent fees be regulated. Mr. Belli said he believed that one-half of the San Francisco lawyers handling personal injury cases were charging their clients too much, and that if the lawyers did not regulate themselves and reduce their fees, the state would step in with a commission. Gov. Brown of California was studying a report at the time on the automobile accident and insurance situation with the thought of a regulatory commission in mind.

Mr. Gallagher continued: "Now what did Mr. Belli mean when he said some attorneys 'charge too much'? This is vague terminology. How much is too much?" He cited the case of a Minneapolis attorney who was engaged principally in the damage business on the plaintiff's side until his death. In the two years following his death, loans to clients by the estate administrator amounted to more than $175,000; the sum paid for injury releases exceeded $2 million; the injured actually received only $645,000—a little more than 32% of the money awarded them.

The estate, associate counsel, investigators, doctors, all received generous fees and repayments amounting to $1,430,563. A consistent item of expense was a clipping service which supplied the attorney with reports of accidents—particularly railroad accidents.

**Not Practicing Law**

Rather than practicing law, Mr. Gallagher said, this lawyer was engaged in a wholesale procuring business. Men who conduct their law practice on a wholesale basis, he said, with clipping services and runners to find clients, with loans and other inducements to the injured, and with no regard to the merits of the case beyond the financial aspect, are affecting the public interest without assuming any responsibility to the public.

In short, he said, there exists the paradox of the insurance industry being closely regulated by the states while the plaintiffs attorneys do just about as they please. The fee of a professional man, he said, should be determined by the time spent and the services rendered, and the contingent fee does not necessarily have any relationship to either of these requirements.

He gave an example in which an attorney and his client entered into a contingent fee contract for one-third of the recovery to be paid as attorney fees. Upon investigation, the attorney considered it a case of questionable liability and advised his client to accept the insurance company's offer of $5,000. The attorney, feeling that his contract was unfair, thereupon dropped his charge to 25%, or $1,250. Having spent approximately eight hours on the case, the attorney received payment of $160 per hour. This is only one of thousands of such cases occurring

(CONTINUED ON PAGE 15)

# WAB Manager Offers Senate Lucid Story Of Rating Bureau Role

(CONTINUED FROM PAGE 2)

disapproved, or which run into difficulty or long delays in consideration by the regulatory authorities, and sometimes these periods stretch out for months or years. Filings must often be amended in order to meet exceptions raised by the insurance departments. This is considered the ordinary routine of operation under rate regulatory laws. Companies which have complained here as to certain of the regulatory practices may not feel their filings need review by state insurance departments."

Mr. Parker said the most vexing problem which the business confronts at this time are the questions brought out by multiple line coverages. Some solutions have been worked out and others are in process. Some may require legislative action. It is largely in the area of multiple line insurance that the problem of partial subscribership exists.

"The bureaus with which I am familiar have at all times attempted to operate strictly in accordance with the intent of public law 15 and the various state statutes passed in compliance with the mandate laid down by Congress," said Mr. Parker. "In my judgment, the fire rating bureaus, serving as they do stock, mutual, reciprocal and Lloyds insurers, continue to represent a constructive effort in meeting the very technical rating and service requirements of the property insurance business."

**Bureau Is Fifty Years Old**

Western Actuarial Bureau is 50 years old. Mr. Parker explained it was established to administer and keep up to date the Dean Schedule, now known as the Analytic System for the Measurement of Relative Fire Hazards, a system for analyzing fire hazards and determining rates which had begun to be adopted by midwest rating bureaus about 1905. In the 50 years of WAB operation, Mr. Parker explained, the study of ever changing fire hazards and the translation of them into a practical system of ratemaking has continued to be the principal function.

Some of the early witnesses before the subcommittee were highly critical of fire rating bureaus, Mr. Parker observed. President John Diemand of North America referred to "so-called rating bureaus" with the implication that they exist merely to enforce uniform rates. On the other hand, Perry Epes, counsel of North America, at least three times insisted on the privilege of being a subscriber to a fire rating organization because any other solution would not be economic or practical.

On the score of state regulation of fire rating bureaus, Mr. Parker said he found that Mr. Epes' testimony went in only one paragraph from the anti-compact laws of 1885 to the SEUA decision in 1944 without referring to the detailed developments in regulation that took place in the majority of states under laws often as stringent or more so than the present all-industry type. The impression was left that before 1944 fire rating was a questionable device operated entirely under a system of self-regulation and private control. Mr. Parker pointed out that in 18 midwest states there were well-enforced and administered fire rate regulatory laws adopted from 1909 to 1937 except in four states, two of which continued the anti-compact laws and one which had an anti-discrimination law.

At about the time that insurers and the rating bureaus were experimenting in modern ratemaking methods, Mr. Parker explained, the states began substituting anti-discrimination laws for the anti-compact laws. The states wanted to prevent unfair discrimination, characteristic of open competition under which properties of the same hazard were not equally treated or rated. The business was gradually setting up measurement of hazards of

each property by means of grading and rating systems applied by competent technicians. This was the industry's answer in a definite effort to comply with the anti-discrimination laws and the rate laws which began to be adopted after 1909.

If anti-compact laws were to be lifted to permit collective action in ratemaking, Mr. Parker said, there had to be a sound foundation on which the rating process could be demonstrated to produce results beneficial to the public. The law of large numbers and the theory of probabilities were applied as the bureaus gathered data on sufficient units and the engineering analysis was related under the rating system to the requirements of an actuarially correct rate level to reach an equitable rate for each risk based on its own physical characteristics.

Mr. Parker said it is this development and refinement of rating schedules or systems applied individually to each risk that distinguishes the fire rating method from many other branches of the insurance business.

**Spend Millions Annually**

Millions of dollars are spent annually to provide that the rates for each risk properly reflect the hazards of that property and meet the standards of the rate laws as to adequacy, reasonableness and fair discrimination. There is an individual rate for each commercial, industrial or institutional risk based on construction, protection, exposure, and occupancy. The rates are made following an actual physical inspection of the premises by trained inspectors or engineers. The property owner or his agent is entitled to a make-up of that rate and is provided with full information as to how to correct any hazards and how to reduce the rate by any improvements the property owner wishes to make. Schedules are applied impartially and without discrimination to all like risks. Any risk is rerated for improvement or change in hazard and every risk in a state is rerated under some regular schedule of reinspection over a period of years. The public protection of the fire defenses in every city and town and the fire protection district in every suburban or rural area is periodically inspected by qualified engineers and graded so that the classification of the fire defenses are properly recognized in the rates for that community.

There is no branch of the insurance business which provides any greater assistance to the public in the way of recommended standards which have led to improved construction, protection and reduction of hazards, with the result that rates have tended to be lowered for most rating classes, Mr. Parker declared. Such functions are performed as a matter of course by the fire rating bureaus in each state.

Several of the witnesses before the subcommittee in emphasizing rating "in concert" seem to offer an inference that the function of ratemaking on an actuarially sound basis is only to be tolerated by the public or the government, Mr. Parker said, but it was because of the need for much broader experience than any one company could obtain that the anti-trust or anti-compact laws of the 1800s were superseded by the anti-discrimination statutes and later the rate regulatory laws. The need for combined experience in ratemaking was recognized when public law 15 was passed.

**Would Lead To Public Demand**

"In my judgment," he said, "after some 30 years of experience in the actuarial end of the fire insurance business, I believe the prohibition of proper ratemaking, if ever legislated by the Congress, would lead to a public demand for some type of law under which rates in keeping with actuarially correct considerations could be produced for the buyer of property insurance." The all industry law, he explained, places the primary requirement on the company to make filings with the department of what it proposes to use for rates, rules, forms, etc. The company is permitted to satisfy the requirement by being a member or subscriber of a rating organization which can make the filings on its behalf. The operation of a fire rating bureau is permissive, but the need for it is testified to by the fact that in the fire field practically every general writing company, except certain specialty or local assessment insurers, is either a member or subscriber of a fire rating organization in its territory. This, he said, is by choice rather than any pressure from the member companies of a bureau. The bureaus are not private clubs and must provide any company that wishes to become a subscriber with the full rating service of the bureau.

**Representation Seems Strange**

"With this statutory protection and with the absolute liberty to be completely independent if a company so wishes, it seems indeed strange that this committee has had before it representatives of large insurance companies who are engaged on the one hand in decrying bureau operations and on the other complaining because they cannot be independent and do what they want when they have authorized the insurance department to

accept the bureau filings in their behalf."

Bureau operations today are undergoing a test of adaptability to meet modern requirements in a time of experimentation with multiple line contracts. Mr. Parker emphasized that experimentation is by no means confined to the independents. North America, he pointed out, did not invent the office contents special form, the manufacturers output policy, industrial property policy or others. Any company can put together a package within its writing powers and merchandise it as a package to replace more conventional coverages.

**Make Up Major Portion**

Fire and allied perils make up the major portion of most of the multiple line coverages. In the case of dwellings, a large number of units of approximately equal hazard and exposure are presented so the use of joint company experience in establishing a rate level is perhaps not vital. This is the field in which independence of rate action is the most pronounced in theory, but a number of the companies that are the strongest exponents of independent action are following the dwelling rate adjustments of the fire rating bureaus up or down and not relying on their own dwelling experience.

An actuary not influenced by merchandising or competitive conditions, Mr. Parker noted, would likely make such a recommendation to his company, realizing that even in the dwelling class the experience of an individual company for some period in the past is not as accurate a guide toward the future as a larger and more representative experience. Yet, dwelling risks taking multiple line coverage are not receiving this collective experience indication from the independent companies which have so far supported their filings of homeowners solely on their individual experience, "or on what they hope will be the future experience."

"We have already witnessed in our business the selective writer which will not write a dwelling building where the insurance is less than $7,500," Mr. Parker said. "The flow of dwelling business to homeowners' policies which are for the average or better than average valued dwelling is leaving the standard forms and coverages to be written only on the lower valued dwelling properties. The typical small dwelling owner may find that the companies that must try to match the selective or specialty writer will be reluctant to take on his small policy where the loss cost may be considerably higher than average.

**Business Of Averages**

"Property insurance and particularly fire insurance is a business of averages. No one claims that fire ratemaking is an exact science, but given a sufficient number of units for the law of averages to operate, ratemaking, even in the face of the extreme range of hazard which is encountered in various types of property, can come reasonably close to a demonstrably equitable rate for the individual risk.

"We have already had a certain amount of dilution of some of the statistical bases in ratemaking. The fire and extended coverage portion of the homeowners' policies cannot be related to fire and extended coverage experience when written under conventional forms and coverages. The North America companies and others who insist on the right to subscribe to the fire rating bureaus for fire insurance rates but who object to the same subscribership when they use these rates in writing a multiple line coverage for the same risk, are laying the groundwork for ultimate breakdown of the value of present statistical experience for fire rating. This is inevitable because the state statutes prohibit the insurance department from requiring a company to maintain statistics in a form not in keeping with its filed rating system. Furthermore, departures in the form of coverage will make grouping of experience of very doubtful value at best."

**Suggests Requiring Reports**

He suggested that one possible solution would be to require independents or partial subscribers to report experience on independently filed coverages separately from statistics compiled for other companies by statistical agencies. The statistics presently are merged and rating organizations must rely on underwriting experience not on a common rate level or common coverage produced by that of the bureaus' filed rates and forms.

The conception that statistics can be left to the individual choice of a company overlooks the legitimate interest that a state has in seeing that its citizens are treated equitably, Mr. Parker declared. Bureau rates are not an absolute and many companies have deviated for all classes because of demonstrated expense and loss differences. However, bureau rates provide a norm against which a company can measure its own experience with the same coverage while obtaining the advantage of the bureau's detailed rating of an individual risk.

**States Relied On Rating Bureaus**

State regulation has relied on the operation and functioning of fire rating bureaus and a collective experience generated by their filing of rates, rules and forms. Without meaningful loss experience statistics, he continued, there can be no proper application of the test of reasonableness and adequacy of rates as provided under the all-industry rate law.

Without rates in keeping with the hazard of various risks, there could be a return to the unfairly discriminatory ratemaking procedures that led to the adoption of the original anti-discrimination and rating laws. Mr. Parker said the states must have before them a test of their ability under present statutes to continue to protect the legitimate interests of the companies but more particularly the welfare of the insuring public.

Some of the earlier witnesses referred to harassment and hearings in middlewestern states. Mr. Parker said his experience as secretary of the managing committees of a number of the rating bureaus gives him a direct knowledge of these affairs, but in both Mr. Epes' and Mr. Diemand's statements there is reference to only three

administrative or court proceedings involving their companies in the 18 midwest states over the past 15 years. In two cases, in Cook County, and Ohio, there were hearings on deviation filings, and in Kentucky there was a hearing initiated by the department under the subsequent review section of the rate law in which the bureau did not move to intervene until there was opportunity to review the transcript of North America's direct testimony.

At the same time, Mr. Parker said he is certain that North America has more than 100 deviation filings on rates, rules and forms in the 18 midwest states currently in effect. "In the 18 states for which I speak, the North America companies have some extremely important deviations, having also 'significant competitive impact' which are in effect in practically all these states and which were never opposed in any manner, shape or form in any hearing in which the rating bureau was party."

**Enumerates Deviations**

Among these Mr. Parker mentioned a deviation for credits for large deductibles on fire and EC, deviation on replacement cost and increased cost of construction endorsements, deviations for blanket coinsurance form on personal property coverage for farms, and a deviation to provide special endorsement offering all risk on top of the specified perils under EC endorsement.

Mr. Epes in his testimony implied, Mr. Parker said, that hearings were held because of a combination of competitor companies acting through the rating bureaus to oppose deviations. Mr. Parker said he would like to get this statement into focus by reviewing the three hearings which have occurred in the midwest during the past 15 years.

**Hearing Requested In Cook County**

In Cook County, the inspection bureau requested a hearing on a deviation of North America on certain classes and justified by North America on a claimed differential in expense brought about by lower commissions. Deviations applied only in Cook County. North America said it intended to pay its agents 25% and that this was 10 points below the alleged "going scale" of commission for business on these risks paid by other companies. The arithmetic purported to prove, Mr. Parker said, that if other companies paid 35%, the 25% company could reduce the rates 10% and still come out with the same number of dollars to pay other expenses and losses as the company charging bureau rates.

**Doubt Adequate Support**

There was no doubt about the arithmetic, Mr. Parker admitted, but there was considerable doubt as to whether this constituted adequate support or even correct data, and it raised the question as to whether the rates filed by Cook County Inspection Bureau were reasonable or excessive. In other words, as long as the same standards apply to a rating bureau filing and a deviation filing (that rates must be reasonable, not excessive and not unfairly discriminatory), North America's filing could not be proper under the support it offered unless the bureau rates contemplated a 35% commission allowance.

Because the bureau has nothing to do with commission contracts of any company, although it was realized there were many kinds of agency contracts in effect, and because its rate filings were not supported by any specific commission allowance but were based on a reasonable allowance for over-all expense, the bureau took the position that there was no actual support of the North America deviation, that the expense differential did not exist according to the country wide experience developed by the New York department, and this put the bureau in the position of allegedly having produced excessive rates.

**Upheld By Department, Courts**

However, North America was upheld by the department and in the courts. From the time of the hearing until the opinion of the director was four months, Mr. Parker said, while the circuit court appeal took less than seven months and the appellate court appeal 11 months; but during the period of court review North America was permitted to operate with the deviation.

The deviation case was concluded in 1953 and has been renewed each year since without opposition from the bureau.

"I am quite sure," said Mr. Parker, "that I would express the conclusion of the managing committee of that bureau if I stated that they would feel they exercised sound judgment in deciding that the bureau should oppose the basis of that particular deviation. Bear in mind that there has never been any data submitted, either in the hearing in the insurance department or in court or since either such hearing, showing that the actual expense ratio of the deviating company is lower than the average expense ratio on which the bureau rate level is supported. This is quite in contrast to the many deviation filings of other companies supported by a showing of actual reduced expense which have never been contested, either by the Cook County Inspection Bureau or other rating bureaus in the middlewestern states."

In Ohio there was a hearing on a deviation filing which Mr. Parker said needed some background.

**Must Reflect Proportion**

One of the most important principles on which ratemaking in fire insurance is based, he explained, is that the rate must reflect the proportion of insurance to value. This is true even of a single building, for if it were of fire resistive construction and worth $500,000, the chances are remote that any loss could exceed $100,000. One insured might elect to carry only $100,000 on the building, while another would insure for 80% of value or $400,000. If the rate in each case were identical, the result would be unfair discrimination and inequitable treatment; one insured would be paying four times as much premium for a probable maximum loss expectancy of $100,000.

The situation becomes worse if blanket insurance is involved covering two or more separated structures, for in this case it is clear that if two buildings are each worth $500,000 an insured carrying $500,000 under a blanket form would recover in full for a total loss to either building. If the rate contemplated 90% insurance to value he would be contributing only 55% of his equitable proportion of the dollars necessary to make the loss cost.

The principle of coinsurance has been a major factor in avoiding unreasonable and unfairly discriminatory rates, Mr. Parker said. It has provided underwriting protection against the effects of inflation which has doubled or tripled building construction costs by requiring a property owner to match rising values with increased insurance coverage so as to provide dollars with which the companies have paid the inflated losses. This was particularly important after the last war at which time, without the protection of the coinsurance principle on a great mass of commercial and institutional risks, there was not a fire insurance company in the U. S. (including North America) that could have kept pace with the flow of dollars required to pay losses under inflated prices of labor and material.

In making coinsurance rates, the rules of the bureau contemplate the attachment of the coinsurance clause.

**Did Not Require Use Of Clause**

In Ohio, North America, like a few other companies, had a deviation to write public housing projects at coinsurance rates but without requiring the use of the coinsurance clause. Instead of coinsurance they used an amount of insurance clause which required insured to carry a stated amount of coverage presumably in line with a percentage of the value of the property at the time the policy was written. If inflation or construction cost changes influenced the value subsequent to the time of policy issuance, insured is not penalized in a loss if he failed to have maintained the proper percentage of insurance to value. Ohio Inspection Bureau had not requested a hearing on these deviations because they were properties under government loan and supervision. Their number was so limited that the company could reasonably be expected to keep insurance in line with actual cash value.

**Filed To Extend In 1958**

However, in 1958 North America filed a deviation to extend the amount of insurance clause to a number of other clauses including churches, schools, libraries, city halls, waterworks pumping stations, filtration plants, sewage disposal plants, and office and bank buildings. The deviation would extend the use of bureau rates based on coinsurance in these classes or risks without requiring the coinsurance clause to be attached. The amount of insurance clause would be substituted and the amount of insurance would be determined by the field man or other representative of the company, subject only to review by the home office underwriting department. There was no provision as to the type of appraisal and no provision to assure that the coinsurance rate established by the bureau would be in keeping with the actual amount of insurance carried, particularly if additions or large increases in value were made during the policy term. A 5% charge was added to take care of nominal inflationary increases in value.

**Viewed As Harmful**

The bureau viewed this deviation as one doing material harm to the fundamental principles of property insurance, underwriting and rating. It was made at a time when all companies, including North America, were having difficulty avoiding underwriting losses and at a time when John Diemand was being quoted as to the need for adequate rates.

The Ohio department held for North America and approved the deviation. The bureau did not appeal, feeling the decision to be administrative. The bureau took the position that if the department felt the deviation were proper it would make a filing of its own, but would eliminate as much as possible the features which it felt were objectionable in the North America filing. Such a filing is now in effect in Ohio, and Mr. Parker said it is noteworthy that North America later adopted the bureau filing as to the classes or risks to which it is eligible by withdrawing its deviation filing in respect to such risks.

This appears to be the only state in which this deviation was presented by North America and it is the only state in the midwest with a bureau filing of this nature.

In Kentucky a hearing was called by the department under the subsequent review section of the statute, and the bureau got into the question when it became clear that there were issues involving interpretation of the law wherein subscribership to the rating bureau and a question as to whether bureau filings were or were not in effect for North America under their authorization with the state. The bureau intervened as an interested party and presented testimony which Mr. Parker said related solely to its rating services and the use of such services by subscribers for single lines and multiple lines.

No decision has come out of this hearing.

**Illustrates Potential**

To illustrate the potential for independent filings of homeowners or multiple line coverages, Mr. Parker said there are now seven different membership, subscribership and partial subscribership arrangements existing in the same bureau in certain states in the midwest for homeowners. It is a confused picture, he admitted, but still is relatively simple compared to what could exist under other multiple line coverages which have either been developed to date or which undoubtedly will be developed.

Mr. Parker touched on the instalment premium endorsement plan of North America which Mr. Epes and Mr. Diemand in their testimony described as obstructed by the bureaus. Describing this theory of instalment payments in full, Mr. Parker said it is true that the rating bureaus and the majority of the companies did not endorse the North America proposal enthusiastically, and such reluctance might have hurt individual feelings, "but hurt feelings is hardly a charge to place before this committee."

**Discusses Assessments At Length**

Twelve pages of Mr. Parker's testimony were given over to the question of bureau assessments and service charges in refutation of the arguments of Mr. Epes that the assessment rules impose a burden on partial susbcribers. Before launching into the details of bureau assessments, Mr. Parker said he cannot help but wonder at the motivation of the complaint "and whether it was really so vital to proving the complainant's position as to trouble the United States Senate with differences of opinion as to proper assessment procedures. All rating bureau income goes for operational expense and certainly there has been no claim that their assessment dollars are being misused or appropriated for wrongful purposes. It is, therefore, simply the dollar amount, or else these companies are so sensitive to the subject of independency and partial subscribership that they look at any bureau rule as to assessment for partial subscribers as being against their interest."

North America is one of the larger writers in proportion of total business of specifically rated classes of risks

which require the most in bureau services. When the companies were full subscribers, Mr. Parker said, they received the advantage of the average of all companies, but as partial subscribers the volume of their specific rated business is the only basis for assessment and in some cases this produces a higher assessment than if the company were assessed at the bureau's general rate of assessment applied to total business. A new bureau ruling will apply a limitation of the dollar assessment if North America will supply a report of total business, Mr. Parker explained, "but the mere fact that bureaus adopt rules in an effort to provide a workable and equitable method for handling assessments of partial subscribers is apparently sufficient to point the finger of suspicion by those who have testified here previously."

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## Greene Elects Hooks V-P; Four Other Changes Made

Gordon L. Hooks has been elected vice-president and assistant general manager of James C. Greene Co., adjusters. Manager of the Goldsboro, N. C., office for the past nine years, Mr. Hooks will move to the head office, located at Raleigh, N. C.


Gordon L. Hooks

R. A. Driggers, who has been in training at the home office will replace Mr. Hooks at Goldsboro.

The company also made three other personnel changes. C. W. Porter, manager at Hartsville, S. C., for the past three years, becomes manager of a new office at Rocky Mount, N. C. Joseph H. Hendricks, manager since 1943 at Wilmington, N. C., has been transferred to Greensboro as manager. Bryan Gaddy, former assistant manager at Wilmington, succeeds Mr. Hendricks there.

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## Federated Mutual Tests Safe Driver Plan In Mo.

An experience rating auto plan is being tested in Missouri by Federated Mutual of Owatonna. Policyholders who have an accident free record for three years would receive a reduction of up to 30% of the standard rate, and proportionate savings will be offered for shorter accident free periods.

## *Home Improves In First Six Months*

For the first half of 1959, Home had a consolidated underwriting loss of $5,180,501 against a loss of $11,844,320 for the same period last year. Earned premiums were $113,574,461 compared with $114,798,758. Policyholders surplus was up to $281,271,288 from $275,327,257 at last year end. In the same period, unearned premium reserve increased to $218,057,198 from $210,950,517.

Investment income for the first six months of 1959 was $7,458,333 compared with $7,422,925 for the period a year ago. Net gain was $3,776,366 against a loss of $2,527,309. Assets rose to $586,928,270 from $575,008,189 at Dec. 31, 1958.

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## General Agents Assn. Changes Meeting Plans

The 1960 convention plans of American Assn. of Managing General Agents have been changed, and the meeting will be held at the Cloister Hotel, Sea Island, Ga., May 28-June 1.

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## Md. Agents Apply Pressure For Auto Merit Rate Plan

Independent Agents Assn. of Maryland has sent a release to newspapers calling attention to the automobile merit rating plan of National Bureau and National Automobile Underwriters Assn. in Pennsylvania. This development in a neighboring state underscores the agents' opposition to recent auto liability rate increases in Maryland, the release states.

It points out that John Coppage, deputy commissioner, has held out the prospect of a merit plan as soon as the new point system becomes effective in Maryland in January, 1961. The agents say that present state motor vehicle records are adequate to support a merit rating structure, and claim that a National Bureau spokesman has upheld this contention. Moreover, there are several plans that would not require the use of official records, the agents maintain, and therefore drivers should not be forced to wait until 1961 for a rating system already enjoyed in a number of states and contemplated in others.

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## Chicago Verdict Reporter Expands Its Coverage

Cook County Jury Verdict Reporter, which summarizes personal injury verdicts in Chicago courts, is expanding its coverage to include suburban courts of general jurisdiction within the county, as well as larger suits in municipal court.

This will enable interested insurance people to follow cases shifting from one court to another because of crowded calendars in circuit and superior courts, and at the same time will give a complete picture of personal injury verdicts in Cook County. Until now, Cook County Jury Verdict Reporter has covered circuit, superior and U. S. district courts only, reporting names of lawyers, medical witnesses, details of the accident, injuries, medical bills, final offers and demands of settlements, damages asked and the verdict.

Max E. Sonderby, an experienced Chicago newspaper reporter, is publisher of the Cook County Jury Verdict Reporter, which is located at 166 West Washington Street, Chicago 2, Illinois.

## Pell Aviation V-P Of Marine Office


Clarence C. Pell Jr.

Clarence C. Pell Jr. has been named vice-president in charge of the aviation department of Marine Office of America. He has been an aviation adviser with the company since 1949. Prior to that, he was chief of the air transport department of Aero Underwriters.

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**Grange Mutual** of Rochester, N. H., has moved to new offices at 17 Wakefield Street.

# Conventions

Sept. 9-11, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 9-11, Washington agents, annual, Davenport Hotel, Spokane.

Sept. 10-11, Minnesota agents, annual, Hotel Duluth, Duluth.

Sept. 10-11, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.

Sept. 10-12, Nevada agents, annual, Stockmen's Motor Hotel, Elko.

Sept. 13-15, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.

Sept 13-15, Oregon agents, annual, Marion Hotel, Salem.

Sept. 13-16, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 14-15, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 14-15, New Jersey agents, annual, Traymore Hotel, Atlantic City.

Sept. 15-18, Mutual Loss Managers' Conference, annual, Edgewater Beach Hotel, Chicago.

Sept. 16-18, Society of CPCU, annual, Ambassador Hotel, Los Angeles.

Sept. 17-19, American Mutual Insurance Alliance Forum, Schroeder Hotel, Milwaukee.

Sept. 17-19, Louisiana mutual agents, annual, New Hotel Monteleone, New Orleans.

Sept. 17-19, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Sept. 20-22, West Virginia mutual agents, annual, Daniel Boone Hotel, Charleston.

Sept. 20-22, Indiana mutual agents, annual, Vendome Hotel, Evansville.

Sept. 21-23, National Assn. of Insurance Agents, annual, Conrad Hilton Hotel, Chicago.

Sept. 22, Michigan agents, annual, Conrad-Hilton Hotel, Chicago.

Sept. 24-25, Oklahoma mutual agents, fall convention, Biltmore Hotel, Oklahoma City.

Sept. 26-27, North Dakota agents, annual, Ryan Hotel, Grand Forks.

Sept. 27-30, International Claim Assn., annual, Americana Hotel, Miami Beach.

Sept. 28-29, New Hampshire agents, annual, Wentworth-by-the-Sea, Newcastle.

Oct. 4-5, Vermont agents, annual, Equinox, Manchester.

Oct. 4-6, Kansas agents, annual, Town House, Kansas City.

Oct. 4-7, National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents joint annual meeting, Greenbrier, White Sulphur Springs, W. Va.

Oct 7-9, Western Loss Assn., annual, Lake Lawn Hotel, Lake Delavan, Wis.

Oct. 7-9, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 9-10, State Adjusters Assn. of Indiana, annual, Severin Hotel, Indianapolis.

Oct. 11-13, Ohio agents, annual, Sheraton Gibson Hotel, Cincinnati.

Oct. 11-13, Tennessee agents, annual, Andrew Johnson Hotel, Knoxville.

Oct. 11-14, Conference of Mutual Casualty Companies, annual, Baker and Adolphus Hotels, Dallas.

Oct. 11-14, National Assn. of Mutual Insurance Companies, annual, Baker and Adolphus Hotels, Dallas.

Oct. 15-16, Nebraska agents, annual, Town House, Omaha.

Oct. 18-20, Maryland agents, annual, Emerson Hotel, Baltimore.

Oct. 18-20, Missouri Assn. of Independent Agents, annual, Hotel Governor, Jefferson City.

Oct. 19, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 19-20, Arizona agents, annual, Camelback Inn, Phoenix.

Oct. 19-21, National Assn. of Mutual Insurance Agents, annual, Chase Park Plaza, St. Louis.

Oct. 25-27, Illinois agents, 60th annual, Leland Hotel, Springfield.



## National Bureau Using New Electronic Computer

National Bureau has installed a new Royal Precision LGP-30 electronic computer. Data from more than 300 companies is reported on punch cards to the bureau at the rate of more than 40 million cards a year and is summarized by class and territory for each coverage. This information is then fed into the new computer which has been programmed to analyze the data and to develop proposed rates in line with established formulas.

# Plaintiff Lawyers Must Regulate Fees Or Government Will, Gallagher Tells Counsel

(CONTINUED FROM PAGE 8)

every year in which there is no relationship between the excessive amount of the attorney fee and the time spent in the service of the client. And this is why, Mr. Gallagher said, so many defendant's lawyers who receive fees based on the bar association rates are turning to the plaintiff's side of the damage practice.

He pointed out that damage cases are a $12.5 million a day business. Insurance companies paid out nearly $2.5 billion in 1958 for personal injury and death claims alone, an increase over 1957 figures of more than $200 million even though death and injuries on the highways dropped approximately 5%. Self-insured paid about one-third that amount, making a grand total of $3.3 billion.

As damage payments continue to climb, he said, rates are going to follow, until the public revolts and demands a non-liability concept that would strap the individual with a limited recovery despite the merit of his claim and would reward the guilty as well as the innocent.

In answer to the contention that lawyers must charge a high contingent fee because of the improbability of winning settlement, Mr. Gallagher quoted a New York appellate court opinion which said that "while liability in the negligence field has been continually expanding and the size and proportion of recoveries has mounted in constantly increasing progression, the risk of the lawyer under contingent fee agreements has been reduced and his remuneration magnified."

### Upholds Right To Regulate

The court opinion upheld the right of the first judicial district to regulate contingent fees and stated that its duty to do so did not hinge on whether clients, worn down by injuries and other worries, had the stamina to resist excessive fees in court by hiring other lawyers to be paid out of the other half of the recovery for defending against the first lawyer. The court went on to say that over 60% of the 150,000 contingent fee agreements filed each year in the first judicial district provide that 50% of the recovery shall be paid to the lawyer. The court's ruling causes lawyers of this judicial department to file a notice of retainer, in which they must make a full report of the facts concerning their employment. Upon determination of his case, the lawyer must make a final report to the court which shall give a complete accounting of all the monies recovered for his client.

Mr. Gallagher said he believes that self-regulation by the bar associations and help from the courts is much to be preferred over federal or state legislative regulations. And that the logical ones to combat the ambulance-chasing and overcharging lawyers were the ethical and dedicated attorneys of the country and their associations. He called on the Federation of Insurance Counsel to sponsor an all-industry program wherein various insurance associations and companies would cooperate with other organizations such as adjuster associations, chambers of commerce, civic clubs, and insurance information services to set up an index of shyster lawyers and bring pressure on local bar grievance committees to discipline or disbar them. He pointed out that a similar index of shyster plaintiff doctors and gyp garages could be compiled in the same way and that this would at least give more evidence of the situation than exists now.

### Sees No Inevitable Hardship

Mr. Gallagher said he could not agree that any great hardship would result if contingent fees were abolished and clients charged bar association rates as in other kinds of litigation. Contingent fees came into being, he said, when recoveries in damage actions were few, but recoveries are now made in a very great percentage of claims. He suggested a graduated scale, designed to meet the particular needs of the locale in so far as percentages are concerned as perhaps the most practical answer. He said the graduation should be based not only on the services rendered but also on the amount of money involved in the settlement.

Added to regulation of the fees, he said, there should be a disclosure to the court of what was done with the money awarded under contingent fee contracts, and the court should have full power to establish rules of disclosure for protection against excessive fees.

He called for an end to the ownership by lawyers of damage claims through their financing of such claims and becoming the proprietors thereof. He said that there were already rules for ample protection against such conduct and that all that was needed was the alerting of local bar associations.

## Mich. Mutual Agents Form Advisory Group

A company-agents advisory committee has been formed by Michigan Mutual Insurance Agents Assn. Eldon Smith, Benton Harbor, is chairman, and George C. Bubolz, East Lansing general manager Home Mutual of Wisconsin, secretary.

Items to be given immediate attention are education; advertising and selling; office procedures, and public relations.

The committee voted to hold regular meetings, the next one being scheduled for Sept. 24.

# Commissioners Ask Orderly Regulation, Defend Fire Bureaus

(CONTINUED FROM PAGE 1)

functions, as regulated by the states. Mr. Knowlton put the case for them strongly. They are essential to sound administration of the rating laws, he said.

"Fire rating bureaus have not become so powerful that they control the price at which the coverage is sold and dominate the member and subscriber companies," he declared. In New Hampshire the bureau never has attempted to discourage the filing of deviating rates by members or subscribers, nor has it ever asked for a hearing in opposition. There has been no litigation by it.

T. Nelson Parker of Virginia, chairman of the NAIC executive committee, vigorously defended that state's type of regulatory law, which requires membership in the fire rating bureau. It has worked and Virginia is proud of it. He gave no indication it was going to be changed. Mr. Parker was accompanied by Courtenay Harris, head of the rating section.

This winds up the current phase of the inquiry. However, this is not the last round. While the subcommittee has not determined its next step and may not do so until Sen. O'Mahoney's return following a mild heart attack, there still remains the investigation into credit life and its regulation, which was on the original agenda. Also, it is indicated, the subcommittee has been turning up material in the fire and casualty field which could provide additional subjects for hearings and may do so.

**Notes Life Business Disinterest**

In this connection, a subcommittee staff member commented on the apparent lack of interest of the life business in the entire investigation. The life business has had an observer on hand, at least part of the time. Observers note that the inquiry has been very largely confined to fire and casualty lines. However, the staff member, noting also the life business's lack of interest in the development of the all industry rate regulatory laws, suggested that if the life rates did happen to get regulated, close observation of the inquiry up to date would have been highly educational.

In addition to Messrs. McConnell, Parker, and Knowlton, Paul Hammel of Nevada, president of NAIC, made a formal statement. Francis Smith of Pennsylvania appeared as a witness, but he was there only to deny some of the allegations about his department and Middle Department Assn. of Fire Underwriters made before the subcommittee by the city solicitor and fire chief of Philadelphia.

Julius S. Wikler, New York City attorney and former superintendent of New York, appeared as counsel for the commissioners. The subcommittee saved its questioning until the four formal appearances and that of Mr. Smith were completed and then held what Sen. Kefauver called a round table. Participating were the commissioners above plus J. B. Hunt of Oklahoma, Samuel Cantor and Newell Alford of New York, L. E. Stern of New Jersey and Harry Smith of Delaware. This session ran till 6:30 p.m. and was so late starting that Joseph S. Gerber of Illinois had to leave. Some of the personnel of Louisiana department also had to leave before the questioning began.

**Competition Equals Price**

The subcommittee, which has been consistently equating competition with advance rate discounts, pressed hard for figures showing the percentage of fire and allied lines business written throughout the country at advance discount rates. This would exclude the business of mutuals written at bureau rates on which dividends subsequently are paid.

None of the commissioners had figures that satisfied Sen. Kefauver. He said he thought the commissioners would have such information at their fingertips. It is, he added, the most important single piece of information that the subcommittee is seeking to get. Congress wants to know if there is any competition.

Mr. Hammel said that in 1957 22% of the business done in Nevada was by deviators and independents. But that includes mutual business written initially at bureau rates, Sen. Kefauver pointed out.

"Maybe you can do better," he said to Mr. Gerber. The latter said the figure was 26.5% in Illinois but acknowledged that it included mutuals writing at bureau rates.

This would be a very good inquiry for NAIC to make, Sen. Kefauver declared. Mr. Gerber said the subcommittee's questionnaire did not ask the question, but that he could get the information for his state.

Donald P. McHugh, subcommittee counsel, said the subcommittee would like the information for four or five years, to see what the trends have been. When Mr. Wikler cited the automobile figures, Sen. Kefauver said testimony had indicated competition exists in that field. The subcommittee wants to know if regulation is fostering competition in fire and allied lines.

**Bureau Information Needed**

Mr. Wikler noted that that business is broken down into 697 subdivisions. For this reason bureau information is needed. There is, he said, enough competition. Even in mandatory states, such as Virginia, techniques of regulation have been developed that have proved satisfactory. There are three approaches to regulation, the all industry type of law, the "restrictive" type, and the wide open law such as California.

NAIC could recommend the type of law it regarded as the best, Sen. Kefauver suggested. NAIC's statement in 1946 still stands as its policy, Mr. Wikler replied. Briefly that calls for firm and effective regulation of rating bureaus and favors competition.

The all industry law, in effect in the majority of states, has been demonstrated in the public interest, Mr. Wikler added. It now is being reviewed to see if it needs amending.

Sen. Kefauver in his closing remarks commented on NAIC's current review of how well the rate laws are working as being "the best way to be sure the federal government won't take back its right to regulate insurance." He, too, indicated he felt state regulation is best.

Mr. Wikler, in closing, said the subcommittee has provided the commissioners with some good suggestions to think about, and he said he was sure they would think about them.

Mr. McHugh asked Mr. Knowlton why as a matter of public policy the rate regulatory laws should permit a combination of competitors in the rating bureau to oppose independents and deviators in making a lower rate filing.

Mr. Knowlton said he had considerable reservations as to the right of the bureaus to be heard as an aggrieved party in such proceedings. However, he said, in many cases it is helpful to have the bureau come in.

**Has Right Anyway**

Doesn't the commissioner have the right to do this anyway, as he can call on the bureau for information at any time. So this is a different matter from the bureau having the right as an aggrieved party under the law, Mr. McHugh said.

There is a difference of opinion among commissioners on the issue of the bureau as an aggrieved party, Mr. Knowlton said.

Has NAIC taken a poll on the issue, Sen. Kefauver wanted to know. No, Mr. Knowlton replied. Sen. Kefauver asked him to do so. Mr. Knowlton said that so far as he knew New York was the only state in which the matter was being adjudicated. Mr. Wikler said the court of appeals has held the bureau an aggrieved party in one case.

There is another case in the courts there now which he hopes will throw more light on the issue.

Mr. Knowlton said he didn't think a competitor company has the right to oppose a filing as an aggrieved party.

Mr. McHugh wanted to know the commissioners' views on the idea of giving free access to filed statistics, rating plans, etc., of the bureaus. Should they be freely available to any insurer.

**Everything Accessible**

Mr. Hammel said everything in his office was accessible. Mr. Hunt said that was the case in Oklahoma. But Mr. Hammel thought a company should pay its pro rata share of the expense of gathering the information.

Since concerted rate making is against the concept of the anti-trust laws, Mr. McHugh went on, shouldn't a greater burden be placed on those who make rates in concert than on the independents.

Mr. Wikler said the preamble to the all industry bill says just that and most state rating laws contain that or similar language.

Mr. McHugh noted that the preamble makes competition only one purpose of the rating law, whereas the California law makes competition one of the main purposes. In administering the all industry law, the direction has been to emphasize rating bureau practice. The independents and deviators have had the extra burden of justification of filings. Should that be so.

**Must Justify Difference**

Yes, Mr. Wikler said. If a company wants to be different it has to justify its difference. It must meet the same standards of justification as the bureau. He added that the subcommittee had raised a series of questions which has troubled the commissioners and they are going to study them.

Sen. Kefauver asked if commissioners regulate aviation insurance. Mr. Wikler said the New York department testified that it did. How about mail order insurance. Mr. Hammel said there are several model bills, such as service of process, which most states have passed. Nevada has a new law to control the operations of domestic companies, their agents and employes outside the state.

Mr. Hunt said he had found it successful to get in touch with commissioners of other states, the domiciles of companies writing by mail in Oklahoma. There is no legal objection to a company doing business by mail in a state in which it is licensed. Sen. Kefauver asked the commissioners to report on how many states have the model service of process law and what is happening in states that don't have them.

**Asks Form Of Regulation**

He wanted to know how advisory organizations, such as Inter-Regional and Western Actuarial Bureau, are regulated. Mr. McConnell said California has examined Pacific Board more than once. Mr. Alford said New York had examined National Board, Eastern Underwriters Assn., and New York Board.

Do they have too much authority? Shouldn't they be examined from the outset of their recommendations to rating bureaus, Sen. Kefauver asked. Why shouldn't Inter-Regional furnish commissioners with statistics and recommendations? Aren't commissioners worried about the concentration in IRIC of the power to make rates.

Mr. Hammel said IRIC doesn't submit statistics, only recommendations, and he could see no object in the organization furnishing commissioners with recommendations. IRIC doesn't have the power, he said; he makes the decisions in Nevada.

Mr. Smith of Pennsylvania reported his department gets 20,000 filings a year. He was asked if NAIC should have its own research and testing organization.

Mr. McConnell interjected that it is a great fallacy to assume the commissioners are bound by figures and forms put out by boards and bureaus. The subcommittee, he indicated, is ignoring the annual statement, the detailed report of company operations perfected over 100 years. The integrity of boards and bureaus is on the line every day. The disgrace of SEUA will not be repeated.

Mr. Smith asked if states have the legal right to finance an inter-state agency of that kind?

At one point Sen. Kefauver expressed surprise that not all industry laws were identical.

**Is Source Of Constant Concern**

He asked Mr. McConnell if California with its liberal regulatory law had experienced any insolvencies due to rate wars. No, Mr. McConnell said, but it is a source of constant concern to him.

Sen. Kefauver asked what commissioners thought of North America's suggested amendment to the McCarran act, that no insurer should be required to follow uniform rates and forms, that it should not be subject to procedural delays, that bureau companies should not be allowed to interfere with independent filings, etc.

Mr. Hammel said this would eliminate all controls and could lead to chaotic conditions of 50 years ago.

He asked what sort of rate regulatory law Mr. Hammel as head of NAIC would recommend today. Mr. Hammel said NAIC is studying the matter. His own law, he said, operates very satisfactorily.

**Charges Exaggerated**

Under questioning by Mr. McHugh, Mr. Knowlton said some of the charges of harassment by independents and deviators have been exaggerated. There has been no real harassment. In the litigated cases the bureau companies had a legal right to challenge the filer.

Mr. Knowlton said he had no figures to show how independent companies are faring in fire and allied lines, compared with casualty. There would be a smaller proportional increase for the independents. But that, he said, is due to the late arrival of independents in the fire field. Even the statutory fire policy would exert no restrictive effect on competition because many coverages are added by endorsement.

Mr. McHugh said that in New York

in 1955, deviators and independents, including mutuals charging board rates and paying dividends, did 19.99% of the fire and allied lines business, in 1956 they did 20.19%, and in 1957 they did 21.68%.

With a small staff, doesn't the commissioner have to take the bureau filing?

No, Mr. Knowlton said, making rates in concert is illegal. Commissioners have to approve them. Filings such as hospital liability, which no one wants to write, the department doesn't study too closely. But if the filing deals with farm fire rates, New Hampshire hires outside actuarial talent to check.

**Too Many Produce Confusion**

Mr. Knowlton said he thought too many rates would create public confusion and would not be a healthy situation.

Testimony has indicated it is virtually impossible to deviate in Virginia, Mr. McHugh said. Mr. Parker noted that because Virginia makes every deviation and independent filing available for optional use by all other insurers in the state many such filings are withdrawn. Also, he said, if, as Mr. McHugh stated, one company wanted to provide a coverage which, under certain circumstances, waived the $50 deductible auto collision, that would discriminate against other policyholders.

Mr. Parker said Allstate had an auto classification Virginia disapproved, for autos driven 7,500 miles or less a year. If insured drove more than 7,500 miles Allstate didn't make him pay the difference. The classification was merely a device to get business. Allstate didn't care whether the car was driven more than 7,500 miles or not.

By making deviator or independent filings available to all, doesn't Virginia kill incentive, Mr. McHugh asked. Mr. Parker didn't think so.

With a mandatory rating bureau, what if some company didn't like the way the state runs the bureau?

They'd have to put up with it, Mr. Parker said.

Some companies think they are big enough to make their own rate. Why not give them an option, to join the rating bureau or not, Sen. Kefauver asked.

**Virginia Way Best**

Virginia has found its way best, Mr. Parker said. He said a company that wanted to use its own judgment, could deviate if the Virginia department found it was a sound idea.

Mr. Smith of Pennsylvania said his state has encouraged deviations. The department is impartial, however—it isn't "for" deviator, bureau company or independent, he declared. He thinks it would be better if the companies thought more about the policyholder and less about each other.

Sen. Kefauver wanted to know why deviations only last for one year. Mr. Hammel said he required an annual review on all filings, including those by bureaus. Mr. Wikler pointed out that the law doesn't require an annual review of bureau filings but does of deviations. Many initial filings for deviations, he said, are based on assumptions which may or may not work out. As to bureau companies, commissioners review their experience annually to see if they are making excessive profits or losing money.

Isn't an annual review a burden on the deviator? Mr. Wikler said it was no great burden, the company has to report its experience anyway.

In their formal statements, the commissioners declared that rate regulation by the states has worked in the public interest. Mr. Hammel said substantial progress has been made to preserve financial stability of insurers, to guarantee the integrity and competence of those engaged in the business, and to provide a greater measure of protection and service to the public.

**Locally Responsive**

The commissioners emphasized that rate regulation is locally responsive and therefore not unfair to insured with different local conditions. It has accommodated new ideas, new methods, and has encouraged reasonable competition. At the same time it has preserved the necessary features of cooperative rate making, as Mr. Hammel pointed out.

Rates have not been excessive. Mr. Knowlton declared that the all industry laws have prevented monopolies. His department has accepted a wide variety of independent filings and deviations, which have not been opposed by bureaus. This situation exists generally over the country. Independents have experienced tremendous growth, impossible if rating laws were restricted or their administration as severe as alleged.

Both Mr. Hammel and Mr. McConnell observed the strengthening of rate regulation year after year. Mr. Hammel called attention to the unfair trade practices act now in effect in most states, the model bill for regulating credit life and A&S. The model unauthorized service of process act, adopted by most states, should go far to curb malpractices of unscrupulous mail order insurers.

Mr. Knowlton said he does not see how it would be possible to make a sound judgment on whether rates are adequate but not excessive without an organization collecting and correlating the experience on numerous risks. Many other functions of the bureau are essential to determine a rate.

It would be almost an impossible task for supervisory officials thoroughly to check the use of rates by individual companies. If this is done by a rating bureau under supervision by the state departments, vast duplication of work is eliminated.

The proposal that rating bureaus collect statistics and establish a pure premium, or burning ratio with each company making its own rate on that base, is a complete change in the basic philosophy of rate regulation.

**Arguments Against Idea**

Many arguments have been voiced against the idea. A few of them Mr. Knowlton listed:

—Each company would establish its own expense ratio, producing a large variety of rates to the confusion of the public.

—Except for a few large companies, the expense experience of a single company would not be credible due to its limited volume and its exposure to variable, temporary, local conditions.

—Preparation of a rate filing and supporting information is a large and technical undertaking which only a few companies are equipped to do.

—It would be practically impossible for a supervisory official to examine and investigate a vast number of rates and compliance therewith.

Even if the supervisory problem could be overcome, it would be difficult for agents to understand rates so as properly to advise purchasers. It would be impossible for the public to understand and distinguish between so many filings.

As to bureau opposition to deviations and independent filings, the cases that have arisen seem to Mr. Knowlton to raise interpretation of the rating laws which the litigants were entitled to have answered. The laws are comparatively new and until evaluated and judicially determined cannot be truthfully said to have finality. In 12 years surprisingly little litigation has been brought to clarify these laws.

Insurers have testified that litigation has constituted harassment and coercive tactics by the bureaus. Though it is difficult to determine the motives behind litigation, "as a lawyer I can see the need and desirability of such actions to obtain judicial clarification of the statutes."

**Inferences Not Factual**

The inferences that may have been given to the subcommittee that the bureaus have completely dominated this area are not in accord with the facts, Mr. Knowlton said.

The subcommittee's investigation is worthwhile and desirable, Mr. McConnell said in his prepared statement. Public law 15 is 14 years old, and Congress should be informed of what has occurred in that period.

Some witnesses have suggested that fire and casualty insurers have been charging excessive rates and making vast profits, he observed. The subcommittee can do the public a service by including in its report the facts, which contradict such assertions. The insurers' losses may suggest that commissioners have failed to perform their duty to maintain adequate rates. If this has been caused by political considerations, publicity would correct the situation.

With all of its imperfections, Mr. McConnell said, state regulation "stands as the finest, most efficient and economical among comparable government functions." It is purposeless to compare the existing system of state regulation with theoretical standards. No federal agency can compare favorably, he declared.

**Virginia System**

In 1898 charges were made against company organizations in Virginia not unlike charges which have come out of the subcommittee hearings, Mr. Parker said in his prepared testimony. The legislature made it unlawful for insurers to combine to make or to control fire rates. Chaotic conditions followed fast—unreasonable competition, discriminatory practices, different rates in different sections of the state for risks of the same construction with the same or similar protection. In 1902 the legislature repealed the statute prohibiting concerted rate making, and in effect invited companies again to form a voluntary rating organization for self-regulation.

In 1928, legislation was adopted which required fire companies to become members of Virginia Insurance Rating Bureau and to file their rates with the state corporation commission through that bureau. Provision was made for deviation from uniform rates upon a showing that the deviation was justified. This was to permit healthy competition and to reduce by competition any rate found to be too high.

The state corporation commission then thoroughly investigated rates filed by the companies through the bureau. There grew out of this the formula for making rates.

Thus almost 20 years before public law 15 Virginia established what is regarded as one of the best regulatory systems in the country in protecting the public's interest, he declared. The business and the public look upon the system as tough but eminently fair.

With public law 15 the legislature followed all industry approach for the kinds of insurance previously unregulated in Virginia, but for fire and allied lines continued a mandatory rating bureau system, one that Congress followed itself in the District of Columbia law.

**Authority Is Limited**

The authority of the bureau in Virginia is limited, Mr. Parker said. It makes recommendations on fire rates, forms and rules to the state corporation commission. But justification of such rates must be full. Generally there is a public hearing. Final adoption is by the commission, which not infrequently modifies the filing. The bureau has no power to prohibit violation of its rules. That is left by statute to the commission.

The commission, he said, is a unique administrative and judicial body which exerts tremendous power and holds the public confidence as no other public administrative commission in this country. It regulates the public utility companies, railroads, bus and truck lines, securities, banks, and insurers.

It has been alleged that mandatory rating bureaus unduly restrict competition. Charges made to the subcommittee are founded upon very serious misinformation, Mr. Parker declared. He said Virginians do not challenge the propriety of states which have adopted other approaches to rate regulation. But the Virginia approach has worked to the interest of Virginians. Reasonable competition consonant with public interest has existed and grown under that system.

**Judge Deviations Fairly**

There is no arbitrary or capricious method of judging a deviation application in Virginia, he added. All applications are judged by the same standards. The commission has consistently ruled that an insurer which can operate at less cost should be permitted to charge lower rates.

The path of the deviator is not rough, Mr. Parker said. There are currently 72 deviations or variations from manual rates, of which 36 are from rates as filed by the bureau—13 fire, 20 auto PHD, and three home owners. In the last five years insurers asking to deviate have experienced only seven public hearings.

**Form Experimentation Worthy**

Experimentation and innovation on forms are worthy. But the regulatory authorities in Virginia have found that rarely are insurers prompted solely by altruism. Often what is ostensibly an innovation by a company may be, in effect, a device to skim off the cream of the market and leave a large part of the public without a market. Practices aimed at insuring only the biggest and best risks are regarded in Virginia as unsound and ruinous competition. Such practices can only be sustained between giants of the business—forcing absorption, sale or merger of smaller companies. Accordingly, granting deviations in forms and rules to all insurers is equitable and in the long range interest of public and the business. Practice has demonstrated that sound actuarial principles require the pooling of experience, he said.

Virginia has an unusual law provision. The commission has the right to amend a filing at any time on its own motion. This frequently is done, either at the request of a so-called independent company or on its own motion.

There have been innovations in manual rules, coverages and procedures in the state, he said. In fire

insurance, the rate level, 43.28% of what it was in 1930, resulted in an annual savings in 1958 of $14,401,658 and in a cumulative saving of more than $122.5 million. The rate level is lower than most contiguous states and among the lowest in the entire country.

Mr. Wikler asked till Nov. 1 to prepare a summary statement for the commissioners to submit to the subcommittee. Sen. Kefauver said the subcommittee expected to be writing its report on this phase of the investigation by that time and could Mr. Wikler get it in by Oct. 15, or parts of it.

**Observers From Industry**

Among observers were Paul Rogan, former Wisconsin commissioner; Robert E. Dineen, vice-president of Northwestern Mutual Life and former New York superintendent; C. F. J. Harrington, vice-president National Assn. of Casualty & Surety Agents and former Massachusetts commissioner; J. Raymond Berry, general counsel of National Board; DeRoy C. Smith, Assn. of Casualty & Surety Companies; Alvin E. Kraus and Warren Nigh, vice-presidents of Government Employees; William Pugh of North America; Spaulding Southall of National Assn. of Independent Insurers; Thomas C. Morrill, vice-president of State Farm Mutual Automobile; A. L. Kirkpatrick of U. S. Chamber of Commerce; John Crane of Inter-Regional Insurance Conference; and Manuel Gorman of Life Insurance Assn.

Among producers were Richard Smith, manager of Virginia Assn. of Insurance Agents, and Kenneth Ashton and Hugh Coiner of Arlington, officials of the association; W. A. Stringfellow of National Assn. of Mutual Insurance Agents.

On hand for National Assn. of Insurance Agents were Morton V. V. White of Allentown; Maurice Herndon of the Washington office, and George Hanson of national headquarters.

## Coker Named V-P Of AIU Overseas

Murray A. Coker has been named vice-president of American International Underwriters Overseas Inc. He has been vice-president in charge of casualty production of AIU in New York since 1954. In his new assignment he will make his headquarters in Buenos Aires with American International Underwriters para Representaciones y Mandatos en la Argentina, S. A.

Mr. Coker joined the New York casualty department in 1948 and went to Caracas to reorganize casualty operations in Venezuela. He was named vice-president and director of International Underwriters for Latin America and was casualty manager of AIU Overseas Inc. when he was recalled to the New York vice-presidency in 1954.

## Over-All Gains In Federal First Half

Federal and Vigilant had a consolidated underwriting profit of $1,248,703 in the first half of 1959 compared with a profit of $485,531 in the same period last year. Premiums written were up by 4.7% to $36,263,685. Policyholders surplus was $112,616,738 against $94,053,670.

Loss ratio to earned premiums was 56 and expense ratio to premiums written was 34.6 compared with 59 and 35 in the first half of 1958. Investment income was $2,077,015 against $1,997,203. Net income was $3,325,718 compared with $2,482,734. Assets at June 30, 1959 were $208,901,762.

### Bleloch New Legal Head Of General Accident

Richard C. Bleloch, civil division chief of the U. S. attorney's office in Chicago, is joining General Accident's Chicago office as head of the legal department. He has been with the attorney's office since 1954. Prior to that, he had been in private practice.

### Idaho Agents To Convene

Idaho Assn. of Insurance Agents will hold its annual meeting at Sun Valley, Sept. 13-16. Principal speakers will be Paul H. Jones, president of the national association; Commissioner O'Connell of Idaho; T. G. McGuire, president of Industrial Indemnity; Garland D. Connor, editor of Pacific Northwest Underwriter, and Trev A. Burrow, executive secretary of the California association.

### *Houston Buyers Change Name*

Houston Area Buyers Assn. has changed its name to Houston Society of Insurance Management to indicate more clearly its affiliation with American Society of Insurance Management.

G. L. Foley, Humble Oil, was elected representative to ASIM. He is the immediate past president.

The **Oklahoma City** office of America Fore Loyalty has been moved to 4915 North Lincoln Boulevard.

## Insurance Counsel Elect Knipmeyer At Miami Beach

Lowell Knipmeyer of Knipmeyer, McCann & Sanders, Kansas City, was elected president of Federation of Insurance Counsel at the annual meeting at Miami Beach. He succeeds George F. Woodliff, of Heidelberg, Woodliff, Castle & Franks, Jackson, Miss.

New executive vice-president is William A. Gillen of Fowler, White, Gillen, Yancey & Humkey, Tampa, Fla. Vice-presidents elected were C. A. DesChamps, Fireman's Fund Indemnity; Leo Grossman Progressive Mutual; Henry P. MacKeen of Smith & MacKeen, Halifax, N.S.; Sidney A. Moss, of Moss, Lyon & Dunn, Los Angeles; Edmund J. O'Brien, Lumbermens Mutual Casualty; Victor D. Werner of Wood, Werner, France & Tully, New York; and J. Boone Wilson of Black & Wilson, Burlington, Vt.

Governors are Mr. Woodliff, chairman; Bruce C. Bishop of Folts, Bishop & Thomas, Chattanooga; Carroll R. Heft of Heft & Coats, Racine, Wis.; William A. Porteus Jr. of Porteus & Johnson, New Orleans; Ivan Robinette of Gust, Rosenfeld, Divelbess & Robinette, Phoenix, and Robert Rooney of Jacobs, Miller, Rooney & Leiderleitner, Chicago.

## *Minn. High Court Rules On Drunken Driver Case*

A passenger who unknowingly rides with an intoxicated driver is not barred from collecting damages, the Minnesota supreme court has ruled in reversing the lower court and granting a new trial in a $20,000 lawsuit. The accident occurred in Wisconsin and the high court held that before a guest can be held to have assumed the risk of the driver's negligent manner of driving, the guest must have "knowledge and appreciation of the hazard."

In the case at issue, the supreme court said the passenger and plaintiff is entitled to a new trial because the driver gave no indication he was intoxicated, even though he had consumed three to five bottles of beer in a four-hour period.



## *Fable, Faherty Are Assistant Managers Of Missouri Bureau*

P. C. Fable and B. C. Faherty have been appointed assistant managers of Missouri Inspection Bureau.

Mr. Fable went with the bureau in 1922, and after an interval from 1937 to 1952 when he was chief rater with the Missouri department and in agency work, he returned as chief rater. Mr. Faherty has been with the bureau since 1915.

## U.S.F.&G. Stock Split And Dividend Approved

U.S.F.&G. stockholders at a special meeting approved a proposal for a two for one stock split and an increase in authorized capital stock from 2.5 million $10 par shares to eight million shares of $5 par.

The directors voted a 10% stock dividend—one share for each 10 held—payable Sept. 30 on the $5 par stock issued and outstanding Sept. 3. No fractional shares will be issued, but cash will be paid at the market value of any fraction to which a stockholder may be entitled. The company will also pay a cash dividend of 25 cents a share on the new $5 par stock Oct. 15 to holders of record Oct. 1.

## *Phoenix Of Hartford Names Elvis, 4 Others*

Jack Elvis, formerly manager of Phoenix of Hartford in Tennessee and Kentucky, has been promoted to general agent at the home office. He will assume agency production responsibilities for 19 midwestern states. Durand B. Hite Jr., who formerly supervised eastern Tennessee, has succeeded Mr. Elvis as manager at Nashville.

Manning B. Kirby is successor to Mr. Hite as state agent in Knoxville, and George M. Egbert Jr. is being transferred from Chicago to be special agent in central and western Tennessee.

Roger R. Street has been promoted to casualty and bonding superintendent at Nashville, and will continue to head casualty operations in Tennessee and Kentucky.

## Tex. Board Accepts 25% Cotton Rate Deviation

The Texas insurance board, at a hearing on cotton gin rates for the territory bounded by the 100th meridian and south of the 31st parallel, indicated that it would accept a 25% deviation for the area.

Angus McDonald, board actuary, said a large number of companies have been deviating 25% for many years.

## Continental Casualty Plans Stock Dividend

Stockholders of Continental Casualty will vote at a special meeting Oct. 7 on a recommendation to double authorized capital. If that is approved, it is proposed to issue a 100% stock dividend later in the year. Contemplated cash dividend and the increased number of shares would be 25 cents a quarter.

Directors, meeting Aug. 19, declared an extra dividend of $1 on the current stock and a quarterly of 35 cents, to be paid Dec. 1 to stock of record Nov. 13.

## Union Ins. Co. May Join St. Louis Group

Stockholders of Union Corp. of America, a holding company, are being urged by the management to approve a proposal to transfer the insurance affiliate, Union Ins. Co. of America, to St. Louis Ins. Corp. by means of a stock exchange.

The trade would be on the basis of the statutory net worth of Union Ins. vs the market value of St. Louis Ins. Corp. as of Aug. 31.

Stockholders are informed that this course of action follows a good deal of study after the conclusion had been reached that the present capitalization of Union Ins. was insufficient to maintain operations without either raising additional capital, selling the company or merging it.

St. Louis Ins. Corp. is the holding company owning 100% of St. Louis F.&M., 50% of Midwestern F.&M., 50% of Ins. Co. of St. Louis. The other 50% of the two partially owned insurers is held by General Contract Finance Corp., which also owns Washington F.&M., and the four companies are operated under the title St. Louis insurance group.

Union Ins. stock would be traded for class B common of St. Louis Ins. Corp. and St. Louis Ins. Corp. then would increase the capital of Union and return the company to its original purpose of writing coverage for labor union members.

A balance sheet accompanying the notice to stockholders shows Union Ins. on June 30 on an unaudited basis with capital paid up of $201,300 and net surplus apparently is approximately -$15,000. The unearned premium reserve was $82,600 and loss reserve $2,000.

## New, New HO Now Approved In Ind.

(CONTINUED FROM PAGE 1)

ing $500. If the loss is between $50 and $500, the insurer pays 111% of the loss over $50. Under form 5, the deductible is $100, but again the deductible is waived if the loss exceeds $500, and losses between $100 and $500 are settled for 125% of the loss over $100.

Further flexibility in the deductible program can be achieved by certain modifications. In forms 1, 2, 3 and 4, the deductibles may be eliminated. In form 5 it may be reduced to $50 but not eliminated altogether. Under forms 2, 3 and 4, the deductible may be modified to apply to certain broad form perils, substantially similar to the deductible plans in the previous homeowners policies.

## Fund Makes Changes In Ohio, Minnesota Fields

Fireman's Fund has appointed H. N. Allion state agent at Columbus, O., succeeding George Wheaton, who is entering local agency business there. Max Cunningham, special agent at Nashville, has been transferred to Toledo as fire state agent. A. R. Barnum has been named senior state agent in charge at Minneapolis. He succeeds Manager George Maxwell, who has resigned to enter local agency work.

### A. B. Green Is Promoted

A. B. Green has been elected assistant vice-president and associate general counsel of Beneficial Fire & Casualty. He has been counsel in the home office since 1951.

## Ohio To Set Rates, Rules For Credit Life

Under a new insurance law which goes into effect next Jan. 1, the Ohio department must set maximum premium rates and establish regulations for credit life insurance policies.

Until 1957, there were no regulatory problems with credit life in Ohio, because lenders absorbed the cost of the premiums and were interested in as low a rate as possible. However, in 1957 the law was changed to allow the cost to be passed on to the debtor. Under the new law, modeled after recommendations of National Assn. of Insurance Commissioners, the department can set maximum rates and approve contracts in the field.

Hearings will be held this fall by Commissioner Stowell on proposed regulations, one of which would be to require all dividends on the insurance policy to be used to reduce the loan charges to the installment purchaser. Also being considered are regulations to cover credit A&S, though there is relatively little of this in force in Ohio.

## Troiano Directs AIU Brokerage; Two Raised

Lawrence J. Troiano, vice-president, has assumed direction of brokerage operations in the New York office of American International Underwriters. He has supervised fire production for several years, and will continue this activity in addition to his new responsibility for development of casualty business.

Charles Hein has been named fire brokerage manager, and James J. Clarke casualty brokerage manager, to assist Mr. Troiano.

Mr. Troiano began his career with American Foreign Insurance Assn. in 1922. He joined AIU in 1946 as fire brokerage manager and was later elected vice-president and director.

Mr. Clarke joined the New York casualty department in 1948 and has been assistant manager for the past two years. Mr. Hein has been with AIU since 1946 as assistant manager of fire brokerage.

## Leonardson Promoted

Home has appointed Floyd Leonardson assistant general claims manager in its loss-claim department.

He joined the company in 1958 as a divisional supervisor in the casualty claim division and earlier this year was promoted to territory manager.

## Continental Casualty Appoints Bragg, Kime

Continental Casualty has appointed Kenneth N. Bragg superintendent of agents of the railroad-motor transport division. He has been assistant superintendent of agents for three years.

Harold H. Kime becomes sales manager of the railroad-motor transport division. He has been eastern director of agencies of the division.

## Crain Joins American Cas.

American Casualty has named Eugene R. Crain production manager of the A&H department at Chicago.

Mr. Crain was formerly A&H manager for Continental Casualty at St. Louis. He joined that company in 1953 in the home office aviation and travel accident division, and a year later was named sales manager of the unit. In 1955 he was transferred to San Francisco with similar duties. He has been at St. Louis since 1957.

# Editorial Comment

## Congratulations To Another Newspaper

Employes of St. Paul-Western have a unique advantage. Their company tells them what is going on in the insurance business, and explains the significance of such developments. For example, the July issue of St. Paul News reminded employes that Sen. O'Mahoney's anti-trust and monopoly subcommittee is investigating the business to see if it is operating in the public interest.

"You, as an employe of one of the country's leading insurance companies, have a vital stake in these hearings," the publication pointed out. Then it explained why.

The publication noted that federal control might supersede state supervision as a result of the hearings. Such control from a large central agency could seriously hobble the ability of the business to serve the public, and thus affect employes and stockholders.

The employes were told that the question of restricting competition through bureau operations is a highlight of the hearings. In a separate article, the St. Paul News presented a complete analysis of bureaus, what they do and how they do it. Bureau contributions to the business were outlined clearly and completely.

Employes were also informed that the various state insurance laws and the commissions which enforce these laws are prime subjects of the investigation. A brief rundown of public law 15 was presented to put the subject in focus. Then the publication noted that Sen. O'Mahoney's group is now asking if the states are doing an adequate job, and if not, what the federal government should do about it.

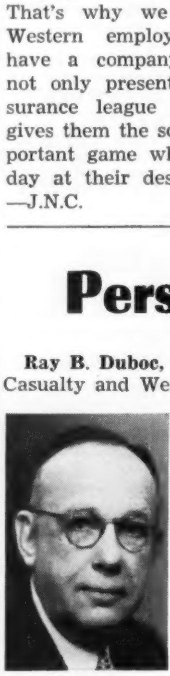
The St. Paul News went on to present the position of the business on this vital question. Despite family differences, the publication declared, the business stands together in the belief that state governments are the proper agencies to exercise control over the business. The fact that problems and circumstances differ from state to state would seem to sum up the reasons for the unified position the business has taken.

The publication impartially presented the viewpoints of independent company spokesmen at prior subcommittee hearings and the counterviews of bureau representatives. Explanatory comments clarified these questions, so that employes could readily grasp them.

All in all, the publication's presentation of the meaning and significance to employes of the current anti-trust hearings was timely and illuminating. That's why we consider St. Paul-Western employes fortunate. They have a company publication which not only presents the results of insurance league softball games, but gives them the score in the really important game which they play every day at their desks and in the field. —J.N.C.

# Personals

**Ray B. Duboc**, chairman at Western Casualty and Western Fire, completed his 40th year with the companies Sept. 1. He started with the original Western Automobile as claims superintendent after service overseas in World War I. When the president, Oscar Rice, died in 1922, Mr. Duboc was made general manager and it was under his leadership that the present Western Casualty and Western Fire were formed. Mr. Duboc was president of both companies and has been chief executive officer since their formation. He was elevated to chairman of the group in 1955.



Ray Duboc

**Forrest A. Heath**, vice-president of J. S. Frelinghuysen Corp., New York brokers, has been elected a director of the National Conference of Christians & Jews.

Commissioner **Frank Blackford** of Michigan suffered minor injuries when a car in which he was riding with Lt. Gov. John B. Swainson collided with another at an intersection. The driver of the other car was hospitalized with serious injuries and received a ticket for failure to yield the right of way. Mr. Blackford was not hospitalized. The two officials were returning from Lansing to Detroit at the time.

**Harold C. Marden**, Saginaw, Mich., agent, suffered a jaw fracture and a possible skull fracture when his car struck a utility pole as he was entering the city on a trip from Vassar. He is in St. Mary's Hospital in Saginaw.

# Deaths

**NEWTON PADGITT**, 47, assistant secretary of Home, died in the hospital at Ridgewood, N. J. He joined Home in 1935 in the metropolitan department and was transferred to the marine department in 1936. He became marine special agent at Dallas in 1937, marine supervisor at New Orleans in 1939, and marine manager there in 1945. He was named assistant secretary in 1953, and in 1956 he was transferred to New York where he supervised country-wide ocean cargo and hull underwriting. He was transferred to the southern department last April.

**ARTHUR L. PULVER**, 57, claims adjuster of Bituminous Casualty at Peoria Heights, Ill., died.

**THOMAS J. O'KEEFE**, Cincinnati claim manager of Travelers for the past two years, was found dead in the washroom of the Carew Tower, where the Travelers office is located, presumably the victim of assault by a robber. His wallet was missing and he had been struck on the back of his head. Mr. O'Keefe, who was 59, started with Travelers in Louisville in 1925 as an adjuster.

**HAMPTON B. LEEDOM**, 73, former treasurer of the Leedom, O'Connor & Noyes agency of Milwaukee, died at Elkhart, Wis. He joined the agency in 1906 and sold his interest in it in 1948.

**HOWARD A. SPEAR JR.**, casualty supervisor in Detroit for Aetna Fire, died there.

**LEONARD S. POOR**, 65, manager Missouri Inspection Bureau, died after an illness of several months. He had been with the bureau since 1922 except for five years when he was chief rater of the Missouri department. Mr. Poor was made assistant manager of the bureau in 1938 and on Jan. 1, 1958 was advanced to manager. He was a past most loyal gander of the St. Louis Blue Goose.

Mr. Poor's two sons are in the insurance business, Johnson Poor with John T. Clark & Associates agency at Clayton, Mo., and James T. Poor with America Fore Loyalty group in Chicago.

**B. L. PENICK**, 81, founder of the Penick agency of Elkton, Ky., died.

**HERBERT J. HUWATCHEK**, 63, secretary of Chris. Schroeder & Son, Inc., Milwaukee agency, died at his home there after an illness of several months. He had been with the agency for 42 years.

**AUSTIN R. MATTHEWS**, 67, vice-president and secretary of Pacific of New York, died in the hospital at Bronxville, N. Y., following surgery. He was active in public accounting and auditing before joining the company in 1923. He was named secretary in 1934 and vice-president and director in 1940.

**CHRISTOPHER A. GOUGH**, 84, former deputy insurance commissioner of New Jersey, died at his home in Trenton. He retired in 1951 after more than 30 years with the department.

**H. BENSON FORD**, 54, founder and senior partner of Ford, Farmer & Burnett, Atlanta managing general agents, died in the hospital there following a heart attack.



# Stocks

By H. W. Cornelius of Bacon, Whipple & Co. 135 S. La Salle St., Chicago, September 1, 195

| | Bid | Asked |
|---|---|---|
| Aetna Casualty | 186 | 191 |
| Aetna Fire | 67½ | 69 |
| Aetna Life | 274 | 284 |
| American Equitable | 37½ | 39 |
| American (N. J.) | 26 | 27 |
| American Motorists | 19½ | 20 |
| American Surety | 20 | 21 |
| Boston | 33 | 34 |
| Continental Casualty | 131 | 134 |
| Crum & Forster | 69½ | 71 |
| Federal | 61 | 63 |
| Fireman's Fund | 59 | 61 |
| General Reins. | 88 | 90 |
| Glens Falls | 32 | 33 |
| Great American | 38½ | 39 |
| Hartford Fire | 186 | 189 |
| Hanover Fire | 37 | 38 |
| Home of N. Y. | 53 | 54 |
| Ins. Co. of No. America | 131 | 134 |
| Jersey Ins. | 32½ | 34 |
| Maryland Casualty | 36¼ | 37 |
| Mass. Bonding | 33 | 34 |
| National Fire | 123 | 126 |
| National Union | 41 | 42 |
| New Amsterdam Cas. | 44½ | 46 |
| New Hampshire | 46 | 48 |
| North River | 39 | 40 |
| Ohio Casualty | 131 | 133 |
| Phoenix, Conn. | 78 | 80 |
| Prov. Wash. | 21½ | 22 |
| Reins. Corp. of N. Y. | 21 | 22 |
| Reliance | 46 | 48 |
| St. Paul F. & M. | 56½ | 58 |
| Springfield F. & M. | 32½ | 34 |
| Standard Accident | 56 | 58 |
| Travelers | 92½ | 94 |
| U. S. F. & G. | 36½ | 38 |
| U. S. Fire | 29 | 30 |


## THE NATIONAL UNDERWRITER

*The National Weekly Newspaper of Fire and Casualty Insurance*

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**EDITORIAL OFFICE**
17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor

**CHICAGO EDITORIAL OFFICE**
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Richard G. Ebel, William H. Faltysek and R. R. Cuscaden, Assistant Editors
Marjorie Freed (production) and Barbara Swisher, Editorial Assistants

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## Traffic Deaths Up For 7th Month

The traffic death toll rose again in July for the seventh straight month, according to National Safety Council estimates. The July increase was 4% with 3,340 deaths against 3,210 a year ago. The death toll for the first seven months was 20,430, or 5% above the 19,490 recorded in the same period last year.

The council estimated that disabling injuries from traffic accidents in the seven months totaled 700,000.

The climb in highway fatalities began in January after a continuous 2-year improvement. Monthly increases in 1959 have ranged from 2% in February to 9% in March. Motor vehicle travel in the first seven months was 5% greater than in the same period last year, the council estimated. Since this increase was the same as the rise in deaths, the mileage death rate was the same as last year—5.1. This is the lowest rate on record for a similar period.

## Fowler Completes Long Aetna Casualty Career

Lemuel B. Fowler, assistant secretary of Aetna Casualty, has retired. He joined the company in 1915 and was in charge of bonding operations at Lansing and later at Denver where he became acting manager.

He was transferred to the home office in 1923 as field supervisor and was later advanced to assistant secretary. For many years he had supervised bond sales activities, and recently he has been in the executive department.

## Mrs. Coryell Retires; Had Long NAIA Career

Mrs. Edith Coryell, treasurer of National Assn. of Insurance Agents for the past nine years, has retired. She has been on the New York headquarters staff for 16 years.

Mrs. Coryell, who intends to travel extensively, has been named treasurer emeritus in recognition of her long service.

## British Insurer Groups Build New Headquarters

Construction of Aldermary House—the new headquarters for British insurer associations—will begin in the spring of 1960 at 10-15 Queen Street, and 58-66 Watling Street, London. Buildings on the site which formerly housed a number of associations are being demolished.

Among the groups which will occupy the new building are British Insurance Assn., Accident Offices Assn., Fire Offices Committee, Industrial Life Offices Assn., Life Offices Assn., and Associated Insurers, including the British Insurance Atomic Energy Committee.

The new headquarters is being built to centralize the technical resources of the various associations which must keep abreast of insurance needs arising from new technological advances, including the use of nuclear energy for commercial purposes.

## Ingram In Ga. Field

Hartford Fire has appointed T. Bethel Ingram Jr. special agent at Atlanta. He joined the southern department in 1958 and has completed the home office training course.

## Tooker Is Advanced To Travelers' V-P

Travelers has advanced Sterling T. Tooker from 2nd vice-president to vice-president. He will continue to administer the operations of budgetary control, expense allocations, research, employe and public relations and similar company affairs.

Mr. Tooker joined Travelers in 1935 in the actuarial department. He was transferred to the personnel department in 1942 and was named secretary in 1947 and 2nd vice-president in 1954.

## Phoenix Of Hartford Raises Three In N.Y.

Phoenix of Hartford has named Frederick Boger assistant manager of the New York metropolitan department. Arthur K. Hicock was appointed fire manager and John G. MacDonald inland marine manager in the metropolitan department.

## Mutual Benefit H. & A. Opens New Group Office

Mutual Benefit H. & A. has opened a new group insurance district office in Buffalo and appointed Robert A. Woodall as manager. He has been in the insurance business about 20 years, specializing in group for the last 10 in the Buffalo area.

## Continental-National Names Rice And Hunt

Continental-National group has appointed James S. Rice special agent for Iowa. He will work out of Des Moines. Carl Hunt, special agent there, has been transferred to Springfield, Ill., and he will travel the southern part of the state. He joined National Fire in 1957.

## 3 Springfield-Monarch Field Men Are Retiring

State Agent Clad Marshall, Special Agent James J. O'Grady and Clarence G. Dempsey are retiring from Springfield-Monarch group. Mr. Marshall has been in the Kansas field 38 years, and Mr. O'Grady has been at Chicago for 31 years. Most of Mr. Dempsey's 39 years with the company have been in the field at Amarillo and Dallas.

## Lumbermens Mutual Names Wolf In Western Mich.

Lumbermens Mutual of Mansfield, O., has promoted Robert P. Wolf, former home office underwriter, to field representative in western Michigan. He will work under the direction of John L. Moores, Michigan state agent. Mr. Wolf joined the company in 1956.

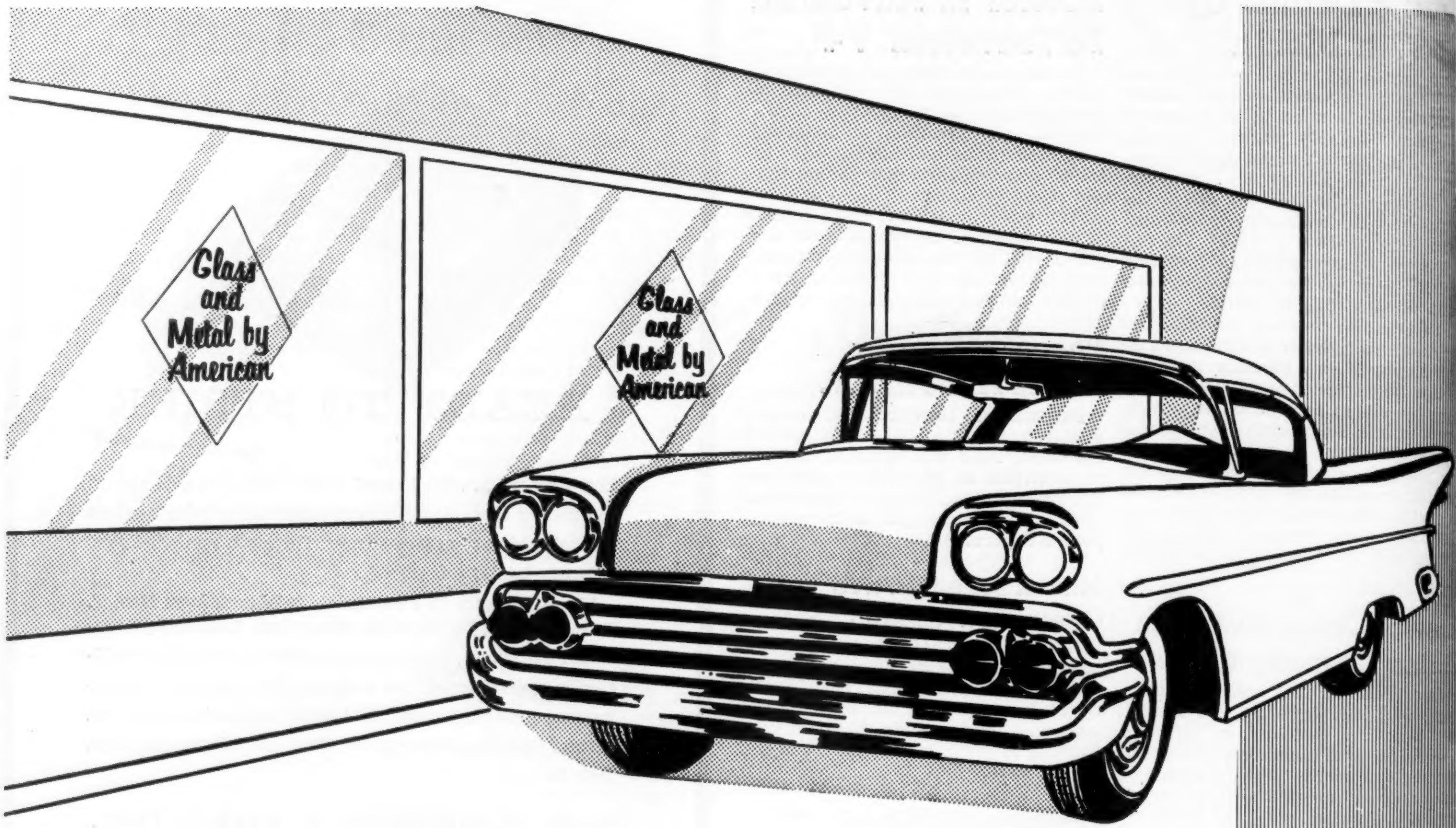
## Alberico Joins Heeren

Julius G. Alberico has joined Jack W. Heeren & Associates agency of Chicago, which specializes in trucking insurance. Mr. Alberico has been with Griffiths, Tate and Louis J. Pastor in Chicago.

Heeren & Associates is extending its services to include orders as well as direct accounts.

## Nagel Named In Texas

Ronald D. Nagel has been appointed special agent for southwest and central Texas by H. L. Davis & Son, San Antonio general agency. He has been with the Texas board since 1956.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